

EXHIBIT 14-B

RULE 25.5 - WATER USE CREDITS AND WATER CREDITS

- A. Except where a Water Permit has been abandoned, expired, Revoked, Suspended, or canceled under these Rules, a Person may receive a Water Use Credit for the permanent abandonment of some or all prior water use on that Site by one of the methods set forth in this Rule. Water Use Credits shall be documented by written correspondence between the District and the property owner, and shall remain valid unless expired or prohibited by this Rule. Water Use Credits shall not be documented by notice on a property title, except as specified in Rule 25.5-H. Except as allowed by Rule 28, Water Use Credits shall not be transferable to any other Site.
- B. Water savings resulting from mandatory compliance with Regulation XIV, Water Conservation, shall not result in a Water Use Credit, with the exception of Table 4 retrofits. Such savings shall be set aside as permanent water conservation savings.
- C. A Water Use Credit may be applied to and shall allow future water use on that Site at any time within a period of ten years. Subsequently, any remaining unused Water Use Credit shall expire.
- D. A Water Use Credit on a Redevelopment Project that was documented prior to February 1, 2012, may, in addition to the time limits and in the manner set forth above, have its expiration date extended for two (2) additional periods of 60 months each, to afford any such Redevelopment Project a maximum period of two hundred forty (240) months to use that credit.
- E. The following types of Permanent Abandonment of Capacity shall qualify for a Water Use Credit under this Rule:
 - 1. Demolition of a building or use that has been recognized by the District as being a lawful water use;
 - 2. Demolition or removal of Exterior Restaurant Seats specifically permitted by debiting Water Use Capacity from an Allocation, Entitlement, Water Credit or Water Use Credit;
 - 3. Permanent disconnection of a lawful water use from a Water Distribution System;
 - 4. Residential removal of District-documented and lawful water fixtures listed in Rule 24, Table 1: Residential Fixture Unit Count Values and the associated plumbing for those fixtures so there is no evidence of the removed water fixture;
 - 5. Permanent installation of water fixtures or appliances that are designed to achieve greater water efficiency than mandated in District Rule 142 and Rule 143.
 - 6. Removal of established Lawn on sports fields at a Public School District Site.

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- F. To determine a Water Use Credit, the General Manager shall:
1. Verify that the reduction is one which is permanent (i.e. Permanent Abandonment of Use) and the date that Permanent Abandonment of Use occurred.
 2. Quantify the Water Use Capacity of the Site using the water use factors from Rule 24, Tables 1 and/or 2. If no factor is available on Table 2 or if the use is substantially different than any of the uses shown on Table 2, the General Manager may make an estimate based upon water records showing the average use over a minimum of eight (8) years.
 3. Grant a Water Use Credit for the permanent removal of water using fixtures if the fixture was properly and lawfully installed. Credit for fixtures listed in Rule 24-A-2 shall only receive a Water Use Credit upon evidence of a Water Permit showing a debit to a Jurisdiction's Allocation and payment of related Capacity Fees.
 - a. Water Use Credits for multiple Showerheads shall be limited to a maximum of four (4) fixture units per Separate Stall Shower or Bathtub. A Shower System shall be considered a component of a Separate Stall Shower or Bathtub for purposes of this Rule.
 - b. Credit shall not be given for any reduction which occurs as the result of the removal of landscaping installed without a Water Permit or installed pursuant to a Water Permit for New Construction. An exception to this limitation shall be made for Non-Residential landscaping that was specifically identified, quantified, and permitted by the District. Any Water Use Credit granted under this subdivision shall be determined using the Estimated Applied Water for the increment of landscaping being permanently abandoned.
 4. Quantify the water use reduction (the abandoned Capacity) using the following methods:
 - a. Residential Water Use Credit for demolitions, permanent disconnection of water service, and permanent removal of water fixtures shall be determined using the Fixture Unit Values from Rule 24, Table 1: Residential Fixture Unit Count Values.
 - b. Residential Water Use Credits shall only be granted for installation of the ultra-low consumption appliances listed in Table 4: High Efficiency Appliance Credits. This table may be amended by Resolution of the Board of Directors.

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TABLE 4: HIGH EFFICIENCY APPLIANCE CREDITS

Appliance	Description	Water Use Credit in Fixture Units (FU)
High Efficiency Toilets	A toilet designed to have an average maximum flush of 1.3 gallons.	0.5 FU
Ultra High Efficiency Toilet	A toilet designed and manufactured to flush with a maximum of 0.8 gallon of water and that is labeled by the U.S. Environmental Protection Agency's WaterSense program.	1 FU
Instant-Access Hot Water System	A recirculating hot water system or other device(s) that results in hot water contact at every point of access throughout the Dwelling Unit within ten (10) seconds. Instant-Access Hot Water Systems shall be installed in each auxiliary building plumbed with hot water on a Single Family Residential Site. There shall be no Water Use Credit for installation of Instant-Access Hot Water Systems for New Structures.	0.5 FU
High Efficiency Dishwasher	A dishwasher designed to use a maximum of 5.8 gallons per cycle. A High Efficiency Dishwasher shall have Energy Star certification.	0.5 FU
High Efficiency Clothes Washer	A Clothes Washer with a Water Factor of 5.0 or less.	1 FU
Rainwater/Graywater Toilet Flushing System for Multi-Family Dwellings	A rainwater or Graywater recycling storage system used to flush toilet(s). System capacity shall meet 100% projected annual demand, plus three days.	75% of FU
Rainwater/Graywater Clothes Washing System for Multi-Family Dwellings	A rainwater or Graywater recycling storage system used to wash clothes. System capacity shall meet 100% projected annual demand, plus three days.	75% of FU

Table 4 amended by Resolution 2008-03 (2/28/2008); Resolution 2009-10 (7/20/2009); Ordinance No. 140 (11/16/2009); Resolution 2009-14 (12/14/2009); Ordinance No. 151 (11/19/2012); Ordinance No. 156 (11/18/2013); Resolution 2019-09 (7/15/2019)

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- c. Non-Residential Water Use Credit for demolition and for permanent disconnection of water service shall be determined using Table 2: Non-Residential Water Use Factors.

- d. Non-Residential Water Use Credit for retrofits with Ultra-Low Consumption Technology shall be documented under the following circumstances and shall be granted for the increment of water savings beyond the water savings anticipated from the installation of Low Water Use Plumbing Fixtures and other District mandates:
 - (1) Application for Water Use Credit Post-Retrofit. The Applicant shall submit clear and convincing evidence of water savings. This shall be accomplished by providing the District with a minimum of eight (8) years of documented pre-retrofit water history for the use from the Water Distribution System (i.e. bills or correspondence from the Water Distribution System Operator) along with two or more years of post-retrofit water history for the use (i.e. bills or correspondence from the Water Distribution System Operator). When eight (8) years of water history for a use is unavailable or when less than two years of post-retrofit water history is available, the Applicant shall obtain an independent third party's review of the projected water savings. The District shall maintain a list of Persons qualified to prepare a third party water conservation analysis. The District shall verify the installation of Ultra-Low Consumption Technology by conducting an inspection.

 - (2) Application for Water Use Credit Pre-Retrofit. The Applicant shall submit clear and convincing evidence of water savings. This shall be accomplished by providing the District with a minimum of eight (8) years of documented pre-retrofit water history for the use from the Water Distribution System (i.e. bills or correspondence from the Water Distribution System Operator) to establish a baseline consumption level. When eight (8) years of pre-retrofit water history for a use is unavailable, the factor from Rule 24, Table 2: Non-Residential Water Use Factors shall be used as the historic use baseline. To substantiate projected water savings resulting from the proposed retrofit(s), the Applicant shall submit additional documentation to support the estimated water savings. When District staff is not able to verify the estimated water savings, the Applicant may be required to reimburse the District for costs to obtain an independent third party's review of the projected water savings. The District shall verify the installation of Ultra-Low Consumption Technology by conducting an inspection.

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- (3) When a Non-Residential Water Use Credit is requested for a Site that cannot demonstrate that the Site was equipped with Low Water Use Plumbing Fixtures for the full period of the water records used, there shall be a 15 percent reduction of the final calculated Water Use Credit.
 - (4) In the event that the General Manager disagrees with the amount of water savings resulting from the installation of Ultra-Low Consumption Technology, the complete Water Use Credit application shall be presented to the Board for further consideration.
 5. Written notification of the quantity and expiration of a Water Use Credit shall be provided to the Applicant and to the property owner.
- G. A valid Water Use Credit may provide the basis for the General Manager to issue a Water Permit for new, modified, or Intensified Water Use on that Site.
1. There shall be no Capacity Fee assessed for any Water Use Credit. Capacity Fees, however, shall apply to the Capacity for water use which exceeds the Water Use Credit, or for any Expansion of Use following the expiration of the Water Use Credit.
 2. Use of a documented Residential Water Use Credit that originates from Table 4, High Efficiency Appliance Credits, or that originates from a Non-Residential Water Use Credit resulting from installation of Ultra Low Consumption Technology to offset an Expansion of Use shall cause recordation of a Notice and Deed Restriction Regarding Limitation on Use of Water on a Property. There shall be an exception to this requirement when the credit originates from installation of High Efficiency Toilets.
 3. No Capacity Fee refund shall accrue by reason of a water use reduction or abandonment of Capacity, whether or not reflected by a Water Use Credit.
 4. Issuance of a Water Use Credit shall not result in any change to a Jurisdiction's Allocation or to any Water Entitlement. Use of any Water Use Credit shall similarly not result in a change to a Jurisdiction's Allocation or any Water Entitlement.
 5. When a Water Use Credit or On-Site Credit applied to a Water Permit originates from a Qualifying Device for which a Rebate has been issued, the District shall collect the amount of the Rebate as a Water Permit fee surcharge, in addition to any other fee that may apply to that Water Permit. This fee surcharge shall be deposited in the Rebate Account.

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- H. When a Water Use Credit on a Site results from demolition of a building that straddled a lot line, the property owner shall specify in writing the quantity of water credit assigned to each of the lots formerly occupied by that building. When a Site with a valid documented Water Use Credit is assigned new Assessor's Parcel Numbers and the original Assessor's Parcel Number becomes inactive, the Site owner shall specify in writing the quantity of Water Use Credit assigned to each of the Parcels. Such designation shall be recorded upon the title of each Parcel.
- I. A Water Use Credit shall enable reuse of saved water on the Site.
1. Water Use Credits may be moved between one or more structures on the same Site or may be used to construct new uses on the same Site.
 2. The District shall not require an additional increment of water for exterior water usage on a Vacant Lot or lot containing an uninhabitable structure when the owner of the Site has submitted clear and convincing evidence of landscaping and irrigation that was installed by and has been consistently maintained since March 11, 1985. Examples of acceptable evidence are dated photographs, official documents, permits or correspondence of the Jurisdiction, receipts or invoices for gardening services or purchases related to landscaping and maintaining landscaping on the Site.
 3. A Water Use Credit for disconnection from a Potable Water Distribution System shall be granted by the General Manager only upon the removal of the Connection and written confirmation of such removal by the Water Distribution System Owner or Operator.
- J. An On-Site Water Credit resulting from the non-permanent removal of a lawful use that occurred on or after March 1, 1985, may be applied to, and shall allow, the future reuse of that increment of water on that Site. A Water Permit for reinstating the former use shall be required and allowed.

Rule added by Ordinance No. 60 (6/15/92); amended by Ordinance No. 64 (10/05/92); Ordinance No. 71 (12/20/93); Ordinance No. 110 (9/30/2003); Ordinance No. 115 (05/17/2004); Ordinance No. 121 (8/15/2005); Ordinance No. 125 (9/18/2006); Ordinance No. 128 (6/18/2007); Ordinance No. 139 (5/12/2009); Ordinance No. 145 (9/20/2010); Ordinance No. 155 (3/18/2013); Ordinance No. 156 (11/18/2013); Ordinance No. 157 (12/9/2013); Ordinance No. 162 (8/18/2014); Ordinance No. 164 (4/20/2015); Ordinance No. 170 (5/16/2016); Ordinance No. 176 (1/25/2017); Ordinance No. 177 (9/18/2017); Ordinance No. 182 (5/20/2019).