

**RESOLUTION NO. 2012-01**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SAN MIGUELITO MUTUAL WATER COMPANY  
MODIFYING THE PROCESS FOR ENFORCING THE  
PROHIBITION AGAINST THE DISCHARGE OF  
WASTEWATER FROM ON-SITE SELF-REGENERATING  
WATER SOFTENERS CONTAINED WITHIN RESOLUTION  
NO. 2009-002**

**WHEREAS**, the San Miguelito Mutual Water Company (“SMMWC”) is a water company incorporated under the laws of the State of California and is in the business of providing water and wastewater conveyance and treatment services to its shareholders and contracted customers; and

**WHEREAS**, on April 27, 2009, the SMMWC Board of Directors (“Board”) passed Resolution No. 2009-002 prohibiting the discharge of wastewater from on-site self-regenerating water softeners and saltwater pools into the SMMWC wastewater conveyance and treatment system; and

**WHEREAS**, Resolution No. 2009-002 was enacted in response to the Board’s finding that the discharge of saline wastewater from on-site self-regenerating water softeners and salt water pools into the SMMWC wastewater system has a detrimental and corrosive effect on the SMMWC wastewater conveyance and treatment system and increases the concentrations of dissolved solids, chlorides and sodium in effluent to a level exceeding the limitation set forth in Regional Water Quality Control Board (“RWQCB”) Order No. 95-57 (“RWQCB Order No. 95-57”); and

**WHEREAS**, after the adoption of Resolution No. 2009-002 and the completion of the inspection procedures contained therein, the level of solids, chlorides and sodium in SMMWC effluent substantially decreased; and

**WHEREAS**, recently, the level of solids, chlorides and sodium in SMMWC effluent has increased from the levels that were achieved after the implementation of Resolution No. 2009-002, as depicted in the charts attached hereto as Exhibit A and incorporated herein by this reference; and

**WHEREAS**, SMMWC believes that the cause of the increase is the reconnection of on-site self-regenerating water softeners to the SMMWC wastewater system and the installation of on-site self-regenerating water softeners by post-inspection owners or occupants; and

**WHEREAS**, the purpose of this Resolution is to further effectuate the policy of Resolution No. 2009-002 through a re-inspection of customer/shareholder properties and a modification, improvement and strengthening of the mechanism for enforcing the prohibition against on-site self-regenerating water softeners; and

**WHEREAS**, Resolution No. 2009-002 shall remain in full force and effect with the exception of Section 3, Section 4 and Section 5.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN MIGUELITO MUTUAL WATER COMPANY AS FOLLOWS:**

**SECTION 1. RECITALS.** The above recitals are true and correct and are incorporated herein by this reference.

**SECTION 2. INSPECTION PERIOD.** SMMWC will conduct an inspection of the following sites within its service area during the three (3) month period commencing on March 1, 2012 and ending on May 31, 2012 (the "Inspection Period"): (a) sites owned or occupied by customers/shareholders who disconnected an on-site self-regenerating water softener during the Resolution No. 2009-002 inspection period; (b) sites owned or occupied by customers/shareholders who became customers/shareholders after the Resolution No. 2009-002 inspection period; (c) all commercial sites and (d) any other sites that SMMWC determines, in its sole and absolute discretion, warrant inspection. Prior to March 1, 2012, SMMWC shall notify all current customers/shareholders identified above that they are required to promptly contact SMMWC staff and schedule an on-site inspection of their water system during the Inspection Period. A copy of this Resolution shall be included with the notification.

**SECTION 3. POST-INSPECTION COMPLIANCE AGREEMENT.** All customers/shareholders whose site is inspected during the Inspection Period in accordance with Section 2 above shall be required to execute a Post-Inspection Compliance Agreement in which the customer/shareholder acknowledges the prohibition contained within Resolution No. 2009-002 and the surcharges and penalties contained within this Resolution and agrees to be bound by said surcharges and penalties and further agrees not to use an on-site self-regenerating water softener. If SMMWC verifies during the inspection that no on-site self-regenerating water softener is in use, it will so indicate on the Post-Inspection Compliance Agreement.

**SECTION 4. SURCHARGES AND PENALTIES FOR NON-COMPLIANCE.**

a. Surcharges.

1. Phase 1. If a customer/shareholder fails to schedule an on-site inspection and SMMWC is unable to confirm compliance within the Inspection Period defined in Section 2 above or if SMMWC discovers during its inspection that a customer/shareholder is using an on-site self-regenerating water softener, then the

- c. Reimbursement for Testing Costs. In the event that SMMWC must perform testing in any neighborhood within the service area in order to determine the source of non-compliance, any customer found to be in violation of Resolution 2009-002 as a result of said study shall be subject to a reimbursement to SMMWC for the cost of the study.
- d. Additional Penalties. At the discretion of the Board, the Board reserves the right to take any additional action(s) necessary to protect the interests of SMMWC and its customers/shareholders, including, but not limited to, appropriate legal action and/or termination of service.

**SECTION 5. SURCHARGE WAIVER AGREEMENT**. A customer/shareholder's prior execution of a Surcharge Waiver Agreement shall not in any way immunize it from the surcharges and penalties set forth in this Resolution.

**SECTION 6. CHANGE IN OWNERSHIP OR OCCUPANCY**.

- a. Upon any change of ownership, occupancy or rate payer status of a water service connection site within the SMMWC service area, SMMWC will promptly notify the new owner/occupant or rate payer of the water softener prohibition contained within Resolution No. 2009-002 and ratified herein and of the need to schedule an inspection of the site to insure compliance. If within thirty (30) days of said notice, the new owner/occupant or rate payer fails to schedule an inspection and SMMWC is unable to confirm compliance or if SMMWC discovers during its inspection that the new owner/occupant or rate payer is using an on-site self-regenerating water softener, then the new owner/occupant or rate payer will be subject to the relevant time limits, fines and penalties identified in Section 3, including, but not limited to, an immediate one hundred and fifty dollar (\$150.00) monthly fine. Subsequent to the inspection, any new owner/occupant shall also be required to execute the Post-Inspection Compliance Agreement referred to in Section 3 above.
- b. If SMMWC determines, in its sole discretion, that a change in ownership, occupancy or rate payer status is illusory or a sham and initiated in an attempt to avoid or extinguish the penalties outlined herein, the shareholder of record shall remain responsible for any amount due and owing and shall bring the account current before SMMWC will complete a transfer of accounts.

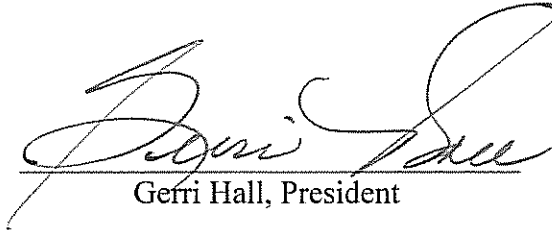
**SECTION 7. SEVERABILITY**. If any provision of this Resolution or the applicability thereof to any person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid portion or application, and to that end the provisions of this Resolution are severable.

customer/shareholder will be fined one hundred and fifty dollars (\$150.00) per month beginning on June 1, 2012 until the customer/shareholder establishes compliance. If the customer/shareholder fails to establish compliance by August 31, 2012 (“Phase 1 Fine Period”), then water service shall be immediately terminated to the customer/shareholder and shall not be reinstated until the customer/shareholder establishes compliance (“Phase 1 Termination Period”).

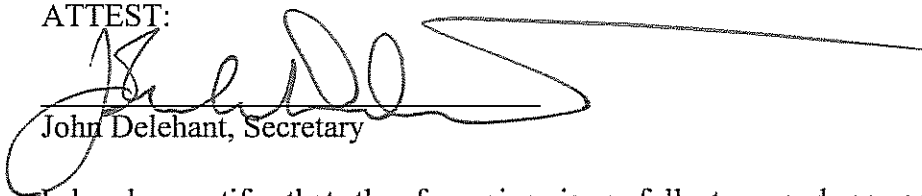
2. Phase 2. If a customer/shareholder who was determined to be in compliance with Resolution No. 2009-002 during the Inspection Period, the Phase 1 Fine Period or the Phase 1 Termination Period is later discovered to have reinstalled or reconnected an on-site self-regenerating water softener, then the customer/shareholder will be fined five hundred dollars (\$500.00) per month, effective immediately upon discovery until the customer/shareholder establishes compliance. If the customer/shareholder fails to confirm removal or disconnection of the on-site self-regenerating water softener within three (3) months of the discovery of the violation (“Phase 2 Fine Period”), then water service shall be immediately terminated to the customer/shareholder and shall not be reinstated until the customer/shareholder establishes compliance (“Phase 2 Termination Period”).
  3. Phase 3. If a customer/shareholder who removed or disconnected an on-site self-regenerating water softener during the Phase 2 Fine Period or Phase 2 Termination Period is later discovered to have reinstalled or reconnected an on-site self-regenerating water softener a second time, then the customer/shareholder will be fined one thousand dollars (\$1,000.00) per month, effective immediately upon discovery until the customer/shareholder establishes compliance. If the customer/shareholder fails to confirm removal or disconnection of the on-site self-regenerating water softener within three (3) months of the discovery of the violation, then water service shall be immediately terminated to the customer/shareholder and shall not be reinstated until the customer/shareholder establishes compliance.
- b. Reimbursement for Regulatory Agency Fines. Any customer/shareholder found to be in violation of Resolution 2009-002 shall be subject to a pro rata payment or reimbursement to SMMWC of any fine or penalty imposed upon SMMWC by any regulatory agency as a direct or indirect result of the discharge of on-site self-regenerating water softeners into the SMMWC wastewater system. For the purpose of this subsection (b), the term “fine” shall include any fine or penalty imposed by the RWQCB, the California Department of Fish and Game or any other agency with jurisdiction.

**SECTION 8. EFFECTIVE DATE.** This Resolution shall become effective on the date of its adoption.

**PASSED AND ADOPTED** this fifteen day of February, 2012

  
Gerri Hall, President

ATTEST:

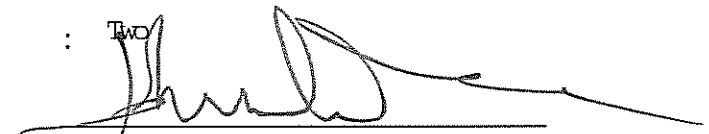
  
John Delehant, Secretary

I hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2012-01, duly and regularly passed and adopted by the Board of Directors of the San Miguelito Mutual Water Company, County of San Luis Obispo, State of California, this 15<sup>th</sup> day of February 2012, by the following vote:

AYES, AND in favor thereof, Directors : Five

NOES, Directors : Zero

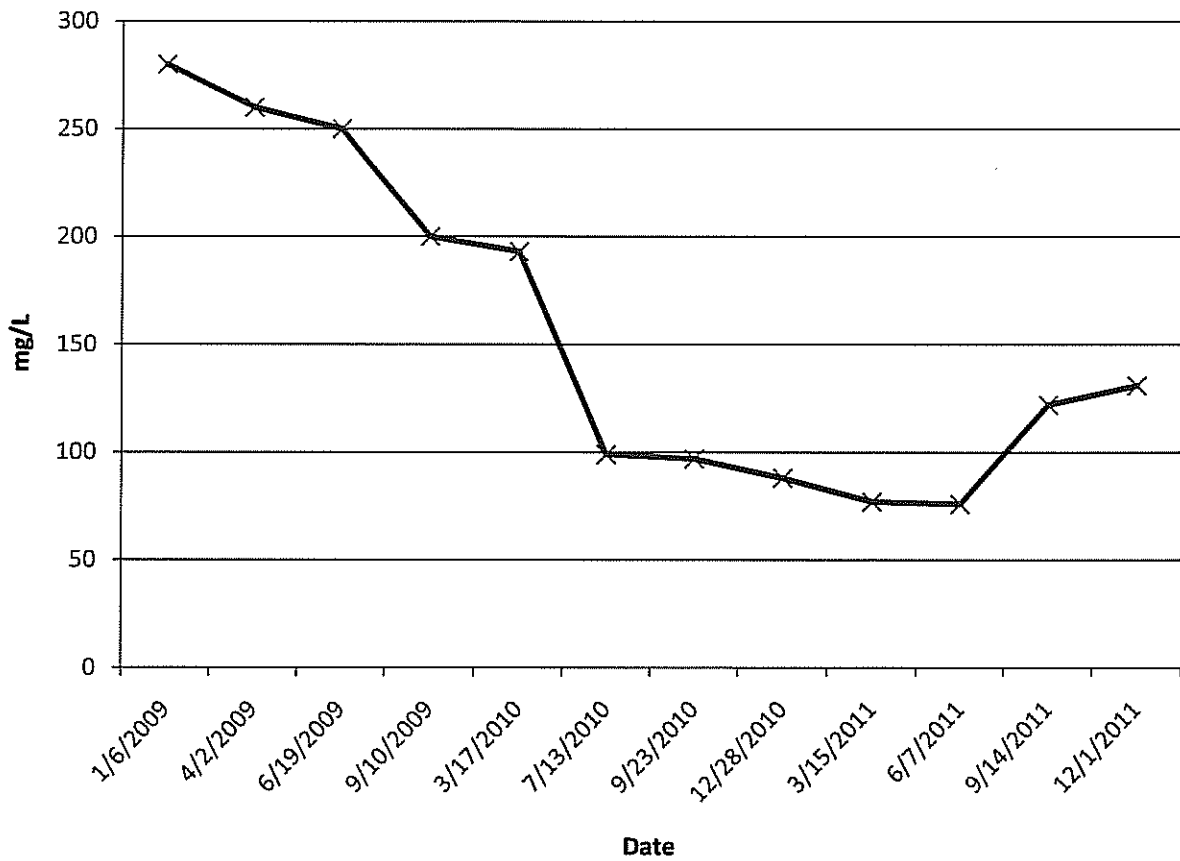
ABSENT, Directors : Two

  
John Delehant, Secretary  
Board of Directors



**EXHIBIT A**

## Monitoring Well Sampling Results Chloride - WWTP Effluent





## Monitoring Well Sampling Results Sodium - WWTP Effluent

