

Appendix L

Goleta Water District Preliminary Conditions Letter





4699 HOLLISTER AVENUE
GOLETA, CALIFORNIA 93110-1999
TELEPHONE 805/964-6761
FAX 805/964-7002

PRELIMINARY CONDITIONS LETTER

December 16, 2015

Heritage Ridge, L.P.
Michael Towbes Construction & Development
c/o The Towbes Group, Inc.
Attn: Michael Towbes, General Partner
21 E. Victoria St. #200
Santa Barbara, CA 93101

Re: Heritage Ridge Development (Willow Springs III)
APN: 073-060-031 through -043
Service Address: TBD

Dear Mr. Towbes:

The Goleta Water District (District) has reviewed the application for water service submitted for the above referenced project (Proposed Project) located at APNs 073-060-031 through -043 (Property). Based on our review, we are pleased to inform you that we have determined water service may be installed for the Proposed Project, subject to the requirements of the SAFE Water Supplies Ordinance, District Code, water availability, an existing entitlement to water as set forth in the Judgment Upon Arbitration Award filed in Santa Barbara Superior Court Case Number 232281 on February 26, 2002, and the conditions set forth below.

The Proposed Project must meet all of the conditions stated below prior to initiation of service. All checks are payable to Goleta Water District. Signed acceptance of this Preliminary Conditions Letter (PCL) must be received within thirty (30) days of the date of this letter to remain valid. If the acceptance is received within 30 days, this PCL is valid for one (1) year from the date set forth above, unless a written extension is requested and provided by the District General Manager or the General Manager determines a longer period is justified.

This PCL is not a contract. It is statement of current conditions issued in compliance with the current District rules and regulations related to the approval of an application for water service. The Proposed Project will be subject to any applicable future changes and modifications in District rules and regulations.

Water service for the Proposed Project is subject to the District Water Allocation procedures, inclusive of compliance with the SAFE Ordinance. No action is required on your part. See Attachment A for additional details.

The remainder of this letter outlines the process for receiving a Conditional Can and Will Serve Letter, Final Can and Will Serve Letter, and initiation of water service.

To obtain a Conditional Can & Will Serve Letter:

1. Sign and return page 5 of this PCL, the 'Applicant Acceptance of the Preliminary Conditions Letter'.
2. Provide a Plan Check deposit in the amount of \$1,200.00 along with design plans and hydraulic calculations for any required Water System Improvements, hydrant installations, main abandonment and extensions, appurtenances and dedication of any necessary easements in accordance with the District Standards & Specifications. Final plans are required prior to issuance of a Conditional Can and Will Serve Letter. See Attachment C for details.

The Project involves abandonment and relocation of a District 20-inch water main line located in the Los Carneros Road easement. If any District easements for the line being abandoned are determined to exist, quitclaims for them must be provided to the District for consideration by the Board of Directors.

3. Upon completion of plan review, provide an Engineer's itemized cost estimate for the public Water System Improvements which are to be constructed by the Applicant's contractor and dedicated to the District. This information will be used by the District to determine the Surety and Inspection deposit amounts, which will be required prior to issuance of a Final Can & Will Serve Letter. See Attachments B and C for details.

To obtain a Final Can & Will Serve Letter, meet conditions 1 through 3 stated above, and:

4. Provide a copy of the Land Use approval for the Proposed Project including Conditions of Approval from City of Goleta Planning and Environmental Services Department.
5. Provide a copy of the final building permit from the City of Goleta Building Department.
6. Provide new addressing documentation from the County of Santa Barbara Fire Department.
7. Pay all fees and charges incurred as part of application approval including any balances due from Plan Check review.
8. Provide a Water System Improvements deposit for District construction of the main extensions, fire hydrants, meter installations, and service lines. See Attachments B and C for details.
9. Provide any Surety and Inspection deposit amounts determined during the Plan Check Review or Conditional Can and Will Serve Letter for the Applicant's construction of the main extensions. See Attachments B and C for details.
10. A Private Fire Line Service Agreement between the Property owner and Fire Line Service provider must be approved by the District, executed, and recorded against the parcels being created. The agreement must clearly identify the party who will be required through the agreement to be responsible for the

maintenance of and on-going payment for the fire line (i.e., HOA or Property Owner's Association). A copy of the recorded document must be presented to the District prior to completing Plan Check.

To have water service activated, meet conditions 1 through 10 stated above, and:

11. Construct Water System Improvements and install approved backflow assemblies. The location of all backflow assemblies must be approved by the District Cross Connection Specialist prior to installation. Backflow assemblies must be installed, inspected, and tested prior to any onsite work including demolition, grading, and construction. See Attachments C for details.
12. Obtain District field acceptance of the completed Water System Improvement, District approval of record drawings, and District dedication acceptance of water facilities to be activated as part of the District public water system.

If the Proposed Project, related data, or other information changes during the course of the City of Goleta review or otherwise, these conditions, including the New Water Supply Charge, the number of meters, connections, service line sizes, fees, and agreements indicated may be revised. In addition, changes to the applicable rules and regulations of the District may affect the Proposed Project.

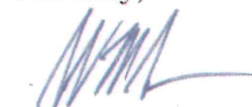
Please note that all fees, rates, and charges are subject to amendment by the District Board of Directors. Pursuant to Government Code Section 66020(d)(1) the 90 day period to protest the amount of any New Water Supply Charge fees assessed against the Proposed Project in this PCL has begun. If you wish to protest the amount of the New Water Supply Charges, such protest must be filed within 90 days of the issuance of this PCL as an appeal to the Board of Directors under Goleta Water District Section 8.30.010.

By signing below as the Applicant, you acknowledge that you understand and agree to comply with all federal, state, and local laws and regulations applicable to the Proposed Project.

This letter constitutes the final determination of the General Manager. You have the right to appeal the determination of the General Manager, pursuant to Chapter 8.30 of the District Code.

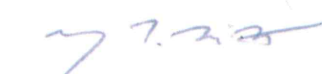
Please provide a copy of this letter to the engineer, contractor, and other consultants working on the Proposed Project, and contact the District when you are prepared to begin the design of the Water System Improvements for the Proposed Project. If you have any questions regarding this matter or would like to schedule a pre-design meeting, please contact Jim Heaton at (805) 879-4652.

Sincerely,



John McInnes
General Manager

Approved as to Legal Form,



Mary L. McMaster
General Counsel

Heritage Ridge (Willow Springs III)
APN:073-060-031 through -043

PRELIMINARY CONDITIONS LETTER
December 16, 2015
Page 4 of 14

kb/rd/jh

Attachments: Applicant Acceptance
A – New Water Supply Charge
B – Water System Deposits and Charges
C – Water System Improvements

Enclosures

Applicant Acceptance of the Preliminary Conditions Letter

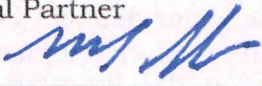
The Applicant, **Heritage Ridge, L.P.**, hereby confirms that Applicant has received a copy of and has read and understands this Preliminary Conditions Letter in its entirety, accepts the specified conditions and will abide by and carry out these conditions in good faith. The Applicants agree to provide all related project documents to any succeeding property owner.

The person signing below on behalf of the Applicant represents and warrants that they have authority to bind the Applicant and the Property to the terms of this Preliminary Conditions Letter.

Applicant Signature:

HERITAGE RIDGE, L.P.
a California limited partnership

BY: Michael Towbes Construction & Development, Inc.
a California corporation
its General Partner

By: 

Michael Towbes, President

Date: Jan 12, 2016

Attachment A New Water Supply Charge

Based on review of the new potable water demand and credits for existing potable water use as outlined below, there is no New Water Supply Charge (NWSC) for the Proposed Project.

Forecasted New Potable Water Demand

The Proposed Project involves the development and construction of multi-family residential structures including 360 units, a community center, and a 2 acre park. Consistent with District Code Section 5.16.040(B), the District has reviewed the Annual Water Demand Report for the Heritage Ridge Project prepared by the Applicant's Engineer (MAC Design Associates) as revised December 7, 2015 (Demand Report) and has determined that new potable water service demand for the Proposed Project is estimated to be 44.812 AFY.

Total Residential Water Demand:	30.657 AFY
Total Landscape Irrigation Water Demand:	12.540 AFY
Total Commercial Water Demand:	<u>1.6160 AFY</u>
Total Water Demand:	44.812 AFY

Following receipt of a copy of the City of Goleta Building Permit, the District will review the estimated allocations and may revise the water demand estimate if there are any changes to the Proposed Project. Any additional development or changes of use, which exceed the existing water allocation on the Property will be subject to the current prohibition on approval of new water service applications.

As outlined in the Demand Report, with the addition of Heritage Ridge (Willow Springs, Phase 3), the total estimated water demand for all three phases of the Willow Springs project is 100.795 AFY.

Credit for Existing Potable Water Use

Credit for existing potable water use is based on the allocation of 100.89 AFY of water, as set forth in the Judgment upon Arbitration on February 26, 2002 for the entire Willow Springs project.

SAFE Water Supplies Ordinance and Water Emergencies

The SAFE Water Supplies Ordinance prohibits the District from approving water service for New Development, as defined under the District Code, unless specific conditions are met. Currently, those conditions are not met. In addition, the District has also declared a Stage 3 Water Shortage Emergency. Pursuant to Resolution No. 2014-32 adopted on September 9, 2014 (Resolution 14-32), the District has ceased approving applications for new or additional service connections beginning October 1, 2014.

Resolution 14-32 does not affect projects on properties that have a pre-existing water use credit sufficient for the proposed new development. The water credit available for the Proposed Project is greater than its projected demand. As a result, the Project does not require an additional SAFE allocation and is not subject to the prohibition on new water allocations set forth in Resolution 14-32. Nothing contained herein, however, prevents the District from imposing additional restrictions on water service to the Property.

Attachment B Water System Improvements Deposit and Monthly Charges

Water System Improvements Deposit

The Applicant must submit a Water System Improvements deposit for the District to perform any work summarized below and as described in detail in Attachment C. The cost estimate will be prepared during Plan Check Review for the improvements, including those identified in the table below. Pursuant to District Code Sections 6.04.020 and 6.04.040, all water main tie-ins and water meters are to be installed by the District staff. The exact deposit amount will be established in accordance with the following requirements.

Water System Improvements to be Constructed

The Proposed Project includes Water System Improvements that are to be constructed at Applicant's expense by either the District or the Applicant's licensed contractor as set forth in the table below. Where these improvements are located on private property, they must be located within easements and dedicated to the District. See Attachment C for details.

New Water System Improvements	Installed By
<i>New Water System</i>	
(9) Fire service meters (sizes TBD)	District
(6) 2-inch residential service meters	District
(2) 2-inch residential service meters	District
(4) 1-inch landscape irrigation meters	District
(1) 1-inch commercial service meter	District
(9) Fire service lines (sizes TBD)	Applicant
(6) 4-inch residential service lines	Applicant
(2) 2-inch residential service lines	Applicant
(4) 1-inch irrigation service lines	Applicant
(1) 1-inch commercial service line	Applicant
Install a backflow prevention assembly for all residential, commercial, irrigation and fire service meters	Applicant

<i>Relocation of existing 20-inch District mainline</i>	
Abandon existing 20-inch water line that crosses the project parcel	District
(1) 20-inch butterfly valve at new tie-in on Los Carneros Way	District
20-inch PVC waterline (on Calle Koral between Los Carneros Road and Los Carneros Way)	Applicant
(1) 20-inch butterfly valve at the connection on Los Carneros Road	Applicant
(1) 20"x20"x20" tee and (1) blind flange at connection of Calle Koral and Los Carneros Way	TBD

Applicant Responsible for Full Cost of Project

The District will keep a record of the labor, materials, permitting, and other costs for the District-installed specified Water System Improvements. For those Water System Improvements to be installed by the District, the Applicant will be responsible for actual costs of installation. If the costs are less than the amount deposited, then a refund will be issued to the Applicant for the difference. If the costs are greater than the amount deposited, the Applicant will be billed for the difference between the deposit and the actual costs.

The Applicant must submit a Construction Inspection Deposit and a Surety covering Performance, Labor, Materials, and Warranty for any portion of the Water System Improvements to be constructed by the Applicant, consistent with the District Standards & Specifications. The deposit will cover District-incurred costs for inspection and administration. In order to determine the required amounts, upon completion of Plan Check review, the Applicant must:

1. Submit a construction cost estimate prepared by the Project Engineer.
2. Submit a Construction Inspection Deposit (amount to be determined upon completion of plan review).
3. Submit a Surety for performance, labor, materials, and one-year warranty (per District Regulations, Title IV, Section 2.03.06) for work to be performed by Applicant.
4. Use a licensed contractor to install the new water facilities identified in the table.

The Surety must be in a form approved by the District. If the project is to be constructed and/or request water activation in phases, phased plans and sureties must be approved prior to completion of plan check review.

Monthly Charges

The monthly meter charge is the sum of all meters, even if the meter is redundant. This monthly charge is based on the size of the meter as determine during the Plan Check review and will commence upon installation of the meters. Charges are subject to adjustment by the District Board of Directors.

Meter Type	Number Required	Meter Size	Current Monthly Meter Charges (per meter)	Total Current Monthly Charges
Domestic Meters	8 (residential)	2-inch	\$198.85	\$1,590.80
Domestic Meters	1 (commercial)	1-inch	\$ 68.16	\$ 68.16
Dedicated Landscape Irrigation Meter	4	1-inch	\$68.16	\$272.64
Fire Sprinkler Line	9	TBD	\$9.44	\$84.96
Total Number of Meters	22		Total Current Monthly Charge for all Meters	\$2,016.56

A charge currently set at \$5.00 will be assessed on the bill of each customer who has a backflow prevention assembly installed to protect the potable water system. The Proposed Project requires 22 backflow devices for a total of \$110.00 per month. This charge will be assessed per backflow assembly per month and is subject to future adjustment by the Board of Directors.

Attachment C Water System Improvements and Easements

For issuance of a Can & Will Serve Letter from the District, the Applicant must comply with the following Water System Improvement requirements.

Applicant must submit construction drawings and easement documents for the indicated required Water System Improvements to the District for review and approval. Prior to water service activation, the Applicant must have all Water System Improvements (including backflow prevention assemblies) constructed, installed, inspected, and tested to the satisfaction of the District. With respect to all work that the Applicant is required to perform, such work, labor, and services must be performed at the sole and exclusive cost of the Applicant. Changes in the PCL by subsequent amendment may increase costs and, to the extent that such costs are increased by subsequent requirements, such additional costs will be the sole and exclusive obligation of the Applicant.

Applicant must provide the following Water System Improvements and easements:

Waterline Improvements

- 1) Install (2) water main connections to the existing 10-inch waterline in Camino Vista and install a minimum 8-inch looped waterline along the proposed private interior street.
- 2) Install a 20-inch waterline along Calle Koral from the existing 20"x20" cross in Los Carneros Road and connect to the existing 20-inch waterline in Los Carneros Way.

Pursuant to District Code Section 6.04.020, service connections must be installed by District employees. Only authorized employees of the District are allowed to connect or disconnect the Applicant's service from the District water mains. Backflow prevention assemblies must be installed by the Applicant.

Service Connections and Meter Related Improvements

Meter-related improvements and services must be designed and installed per District Standards & Specifications and must appear on the construction drawings for the Water System Improvements.

The Applicant's licensed contractor will install the service lines and meter boxes. These service lines must be designed and installed according to the District Standards & Specifications and must appear on the construction drawings for the Water System Improvements. Traffic lids must be provided for all meter boxes subject to traffic loading. The Applicant is responsible for the installation and maintenance of the piping and plumbing connection from the downstream side (outlet) of the District meter to the subject parcel and on-site facilities.

Pursuant to District Code Section 6.04.020, service connections must be installed by District employees. Only authorized employees of the District are allowed to connect or disconnect the Applicant's service from the District water mains. Specifically, the following service connections must be constructed:

1. 20-inch water main connections, at
 - a. The existing 20"x20" cross in Los Carneros Road. Tie into the existing cross with a new 20-inch butterfly valve. And,
 - b. The existing 20-inch water line in Los Carneros Way (along Calle Koral). At the existing 20-inch waterline in Los Carneros Way, install a 20"x20"x20" tee with a 20-inch butterfly valve on the southerly side of the tee and a blind flange on the easterly side of the tee.
2. (2) 8-inch water main connections to the existing 10-inch waterline in Camino Vista (new looped 8-inch waterline).

Pre-Design Meeting

The Applicant's Project Engineer is encouraged to contact the District to schedule a pre-design meeting to ensure the engineer has a thorough understanding of these requirements and the District Standards & Specifications prior to beginning design work on the Proposed Project. Computer Aided Design templates and examples are available for the Project Engineer's use upon request. The Applicant's Project Engineer should obtain the appropriate record drawings from the District of the existing water system facilities prior to beginning design work on the Proposed Project.

Construction of Water System Improvements

As outlined in Attachment B of this PCL, certain Water System Improvements may be constructed by the Applicant or the District, as consistent with District Standards & Specifications. For the portion of work to be constructed by the Applicant, additional requirements will apply, including: a surety in the amount consistent with District Regulations, Title IV, Section 2.03.06, a construction inspection deposit, and a service connection deposit in amounts to be determined upon completion of final plan review.

Water activation requirements will include the Applicant submitting itemized contractual costs of major items of work, completion of formal inspection procedures, record drawings, and dedication of facilities.

Fire Protection Improvements

Pursuant to the County of Santa Barbara Fire Department letter dated September 22, 2014, public, commercial fire hydrants must be installed, the number and location of which are yet to be determined. Approved fire hydrant plans must be submitted to the District. In addition, automatic interior fire sprinkler systems must be installed in all buildings. The size of fire service meters will be determined upon the submittal of hydraulic calculations by a licensed fire sprinkler contractor.

Backflow Prevention Improvements

Commercial, residential, fire service and irrigation meters require reduced pressure principle backflow prevention assemblies (RPBAs) per District Standard Detail 4-01 and in accordance with District Code, and all must be shown on the submitted plans. Fire Lines require either a RPBA or a double check or a double check detector assembly (DC) or (DCDA) backflow assembly. All meter installations, backflow prevention assemblies, and on-site piping are subject to inspection and testing by District inspectors for cross connection-control and backflow prevention. All backflow

devices must be lead-free and located as close as practical to the meter. The location of all backflow assemblies must be approved by the District Cross Connection Specialist prior to installation. Backflow assemblies must be installed, inspected, and tested prior to any onsite work including demolition, grading, and construction.

Miscellaneous Water System Improvements

The existing 20-inch waterline along Los Carneros will be abandoned in place between Calle Koral and the point of connection with the existing 20-inch water line in Los Carneros Road to the north. The abandoned 20-inch waterline will be cut and capped at both ends. District forces will perform the construction work necessary for the abandonment.

Easements

All Water System Improvements to be dedicated to the District must be located within public right-of-way or easements dedicated to the District. If easements are required, the Property Owner must grant easements acceptable to the District for access to and maintenance of all Water System Improvements to be dedicated to the District. Easements must conform to the requirements as stated in the District Standards & Specifications. Easement documents must be based on the District easement template (available upon request) and must include descriptions for all necessary easements. The Applicant's Professional Land Surveyor or qualified Civil Engineer must submit easement documents for District review and comment. The District will notify the Applicant when the easements are acceptable for execution, notarization, and dedication.

Water Main Road and Easement Design Requirements

Per District Regulations, Title 4, Section 2.01.04.N:

District water mains on private property shall be located under paved roadways having a minimum traveled roadway width of 32 feet and shall be a minimum of 7 feet from the face of the southerly or easterly curb face or edge of pavement.

Per District Regulations, Title 4, Section 2.01.04.O, the Applicant must provide a minimum 20-foot wide easement for all water lines. Additional easement design requirements are outlined in District Regulations, Title 4, Section 2.01.04.O as follows:

A 20-foot wide easement shall be granted to the DISTRICT for all waterlines on private property with less than 4 feet of cover from finished grade. For waterlines with more than 4 feet of cover, 2 feet of width shall be added to the 20-foot easement for each additional one foot of cover greater than 4 feet. Waterlines shall be located 5 feet from an easement line, property line or any other right-of-way line, or 1 foot for every foot of depth whichever is greater, except where required by the DISTRICT to allow for future extension, looping or access. If the water line easement is to be combined with other utility easements, the total width of easement shall not be less than 25 feet. Easements shall also extend to include and lie a minimum of 5 feet on each side of service connections, meters, hydrants and other appurtenances.

The applicant will prepare quitclaim deeds for consideration by the District Board of any existing District easements associated with the existing 20-inch waterline to be abandoned.

Water Meter Work Order Information Spreadsheet

A Water Meter Work Order Information Spreadsheet is required (a template is available upon request). Using this spreadsheet, please list as much requested information as possible for all of the meters to be installed for the Proposed Project. Your engineer will be able to provide some of the information. This spreadsheet must be submitted and approved by the District prior to the District signing the construction plans. All new District meters shown on the construction plans (including fire line by-pass meters) must be included on this spreadsheet.

Civil Engineer and Land Surveyor

All engineering documents, calculations, design, and construction drawings for Water System Improvements to be dedicated to the District must be prepared by or under the direction of a civil engineer registered in the State of California (Project Engineer). Landscape architects and other professionals licensed in California can perform this work in certain District-approved circumstances, consistent with the District Standards & Specifications.

All right-of-way and easement documents, calculations, and exhibits for Water System Improvements to be dedicated to the District must be prepared by or under the direction of a land surveyor registered in the State of California and approved by the District.

All above documents must be prepared in accordance with the District Standards & Specifications. All such documents submitted to the District, whether preliminary or final, must be stamped and signed by the Project Engineer or land surveyor as applicable. For more information, the District Standards & Specifications may be found on the District website or provided upon request.

Hydraulic Calculations

The Applicant's Project Engineer must submit hydraulic calculations for all waterlines, fire hydrants, and fire lines to be dedicated to the District. The hydraulic calculations must demonstrate the adequacy of the proposed Water System Improvements. Required peak flows and fire flows must be stated. The hydraulic calculations must present selected pipe sizes, and resulting flows, fire flows, pressures, and velocities in accordance with the District Standards & Specifications. If the existing District water system is unable to meet the project requirements, the Applicant is responsible to have the necessary improvements designed and constructed or determine an alternative method of fire protection acceptable to the Fire Department.

Plan Check and Deposit

The Applicant must submit one paper set plus one electronic PDF set of the "Site Installation Plan" and a Plan Check Deposit prior to the District reviewing the plans. This deposit will be used for District-incurred costs for plan check and administration.

Pursuant to the District Standards & Specifications, the Applicant will either be invoiced if the actual cost to the District exceeds the amount of the Plan Check Deposit, or will be refunded any remaining balance after District costs are deducted. A Plan Check Sheet is available upon request for the engineer's use in developing the Water System Improvement plans. The "Site Installation Plan" will go through a plan check and revisions may be required. Once the plans are acceptable to the District and all other necessary conditions are met, the District will sign the plan for construction of the public Water System Improvements.

If the project is to be constructed and/or request water activation in phases, phased plans and sureties must be approved prior to completion of plan check review.

Project Engineer's Estimate

During Plan Check review, the Applicant's Project Engineer must submit an itemized cost estimate for the public Water System Improvements detailed above which are to be completed by the Applicants Contractor and dedicated to the District. This information will be used by the District to determine the surety and construction inspection deposit amounts.

Encroachment Permits and Traffic Control Plans

The Applicant will be responsible for providing all traffic control plans and obtaining the necessary encroachment permits and approvals from the City of Goleta and any other agencies with jurisdiction. Plans and permit approvals will be required at least two weeks prior to the District scheduling work for any Water System Improvements.

Contractual Cost and Dedication of Facilities

Prior to activation of water service, the Applicant's contractor must submit an itemized cost spreadsheet indicating actual cost of major items of work and total construction cost of Water System Improvements to be dedicated to the District. Applicant must also submit a completed Dedication of Facilities Form. The District may accept the Dedication once all facilities being dedicated have passed District inspection and completed record drawings are provided. Forms will be provided by the District to the Applicant and contractor following final inspection.

Record Drawings

Following completion of construction of Water System Improvements to be dedicated to the District, Applicant must submit Record Drawings to the District for review and approval. Water service activation and the refund of any portion of the Water System Improvements will not occur until after Record Drawings are approved by the District.



4699 HOLLISTER AVENUE
GOLETA, CALIFORNIA 93110-1999
TELEPHONE 805/964-6761
FAX 805/964-7002

**TECHNICAL ADDENDUM TO
PRELIMINARY CONDITIONS LETTER
Dated December 16, 2015**

January 18, 2016

Heritage Ridge, L.P.
Michael Towbes Construction & Development
c/o The Towbes Group, Inc.
Attn: Michael Towbes, General Partner
21 E. Victoria St. #200
Santa Barbara, CA 93101

Re: Heritage Ridge Development (Willow Springs III)
APN: 073-060-031 through -043
Service Address: TBD

Dear Mr. Towbes:

The Goleta Water District (District) issued a Preliminary Conditions Letter (PCL) for the above-referenced project on December 16, 2015. While the overall project description has not changed, correction is necessary to describe the Water System Improvements and meter configuration anticipated to serve the proposed project. The final size number and location of meters will be confirmed during the District plan check review and shown on the final project plans.

The District is providing this Addendum to the PCL; it is intended to reflect these technical changes, as outlined below. This letter does not supersede any other conditions provided in the PCL. As stated in the signed PCL dated December 16, 2015, changes in the PCL by subsequent amendment may increase costs and, to the extent that such costs are increased by subsequent requirements, such additional costs will be the sole and exclusive obligation of the Applicant.

Water System Improvements

The table below summarizes the new Public Water System Improvements needed for this project and the party responsible for construction.

New Water System Improvements	Installed By
<i>New Water System</i>	
(10) Fire service meters. (Depending on calculations, some may be DCDAs, which would be installed by Applicant)	District
(8) 2-inch residential service meters	District
(4) 1-inch landscape irrigation meters	District
(2) 1-inch commercial service meter	District

(10) Fire service lines (sizes TBD)	Applicant
(6) 4-inch residential service lines	Applicant
(2) 2-inch residential service lines	Applicant
(4) 1-inch irrigation service lines	Applicant
(1) 2-inch commercial service line	Applicant
(1) 1-inch commercial service line	Applicant
Install a backflow prevention assembly for all residential, commercial, irrigation and fire service meters	Applicant

Monthly Charges

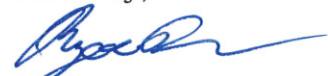
The monthly meter charge is the sum of all meters, even if the meter is redundant. This monthly charge is based on the size of the meter as determine during the Plan Check review and will commence upon installation of the meters. Charges are subject to adjustment by the District Board of Directors.

Meter Type	Number Required	Meter Size	Current Monthly Meter Charges (per meter)	Total Current Monthly Charges
Domestic Meters	8 (residential)	2-inch	\$198.85	\$1,590.80
Domestic Meters	2 (commercial)	1-inch	\$ 68.16	\$ 136.32
Landscape Irrigation Meter	4	1-inch	\$68.16	\$272.64
Fire Sprinkler Line	10	TBD	\$9.44	\$94.40
Total Number of Meters	24		Total Current Monthly Charge for all Meters	\$2,094.16

A charge currently set at \$5.00 will be assessed on the bill of each customer who has a backflow prevention assembly installed to protect the potable water system. The Proposed Project requires 24 backflow devices for a total of \$120.00 per month. This charge will be assessed per backflow assembly per month and is subject to future adjustment by the Board of Directors.

If you have any questions regarding this matter, please contact Jim Heaton at (805) 879-4652.

Sincerely,



Ryan Drake
 Water Supply & Conservation Manager

Heritage Ridge (Willow Springs III)
APN:073-060-031 through -043

Preliminary Conditions Letter Technical Addendum
January 18, 2016
Page 3 of 3

Attachments

Fully Executed PCL dated December 16, 2015