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December 3, 2007

TO: Chair Pendergrass, Members of the Board and General Manager Berger
FROM: David C. Laredo, General Counsel
RE: Sand City Water Entitlement Ordinance

This memo provides a summary of modifications made to the first reading Draft Ordinance as presented in the November 2007 board packet. This revised draft is presented for second reading and if enacted shall establish a Sand City Water Entitlement based upon the City's Desalination Water Supply Project.

Please note that the following changes have been made to the revised draft:

1. Rule 23.6 A has been modified to add the following text:

CAW shall be required to monitor all production from the Sand City Desalination Facility and provide a monthly report of that data to the General Manager.

2. Blanks have been filled in to properly refer to Ord. 132. Also, the effective date of the ordinance is shown as January 9, 2008.

3. A definition has been added to clarify the term Sand City Sites. This term is defined as follows:

Sand City Sites – "Sand City Sites" means those properties located within the jurisdictional limits of the City of Sand City that also lie within the service area for the CAW Water Distribution System as recognized in 2007 by the District and the California Public Utilities Commission. The parcel of land identified as APN 011-501-014 is not within the area defined by the term "Sand City Sites" and shall not constitute a "Benefited Property" under these Rules.

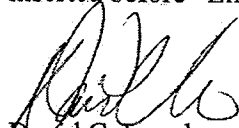
4. Finding #9 has been modified to add a clause showing the exclusion of land (shown in bold italic and underscore text):

This ordinance shall allow the expansion and extension of the CAW System to provide connections to, and potable water service in specific annual quantities (expressed in acre-feet) for the use on and benefit of all property

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located within the jurisdictional limits of Sand City (the "Sand City Sites"),
*excluding therefrom lands not presently located within the CPUC-
recognized service area for the CAW system.*

5. In Section Five amending Rule 23.1, in 1-b-(1) and (2), the word "Water" has been inserted before "Entitlement" as the defined word is "Water Entitlement."



David C. Laredo
General Counsel