

**REGULATIONS GOVERNING EXISTING SEWER SERVICE TO
LEASED CABINS IN THE LAKES BASIN OUTSIDE OF THE
LEGAL SERVICE BOUNDARIES OF THE
MAMMOTH COMMUNITY WATER DISTRICT**

I. Purpose, Findings, and Authority.

The District provides sewer service to leaseholders of the United States Forest Service (“USFS”) in the Lakes Basin, which is located outside of the District’s legal service boundaries. These regulations shall govern the sewer services provided to these “Cabin Customers” who previously received sewer service under individual agreements. Many of those agreements have been lost or the original leaseholder has assigned or transferred the lease to a new party without notice to the District. This has caused difficulties in administering the contract sewer service provided to Cabin Customers and increased its costs. As a result, the District Board of Directors has determined that it is in all parties’ best interests if the Board terminates existing contractual entitlements to sewer service to leased Forest Service cabins in the Lakes Basin and instead permits that service to operate under a freely-accessible and understood set of regulations applicable to all Cabin Customers. This governance structure will promote the efficiency of administration and delivery of this service while ensuring that all Cabin Customers are provided notice of their rights and obligations regarding the out-of-district sewer service they receive. The District’s commitment to provide sewer service is exclusive to existing leaseholds served. Cabin Customers may not use District or their private sewer facilities to serve any other property, leasehold or permitted use except upon advance written consent of District and subject to the terms of these Regulations and other applicable District codes, ordinances, regulations, and policies. These regulations are authorized by Article XIII C, section 1 of the California Constitution, Water Code sections 30523, 31100, and 31101.5, and other applicable law.

II. Regulations.

A. Obligation to Provide Service. District has no continuing duty to provide sewer service to Cabin Customers. This service is a privilege, not a right, and conditioned on Cabin Customers’ compliance with all legal and policy requirements, payment of all fees and charges levied by District, and the USFS’ continuing renewal of cabin leases. Neither passage of time nor investment in the construction and operation of facilities shall provide Cabin Customers with any vested right to continued District sewer service.

B. Scope of Service. District shall endeavor at all times to provide sewer service to Cabin Customers, provided that they comply with these Regulations and all applicable ordinances, rules, and policies of the District, including the Policy for Providing Water and Sewer Service to Parcels Outside of the Mammoth Community Water District’s Legal Service Boundaries, as they may be amended from time to time. Cabin Customers shall be responsible for paying the full costs of wastewater collection, transmission, and treatment, at the sewer service rates, fees, and charges, including the Out-of-District Replacement Charge, determined by

the District in its sole discretion in accordance with applicable law and as periodically billed to Cabin Customers.

C. Term of Service Entitlement. Cabin Customers' access to District sewer service shall continue for the term of their existing USFS lease, as those leases may be extended from time to time. The District will not provide sewer service to any Cabin Customer whose lease has expired and which is not renewed or extended by the USFS or any other responsible federal or state agency.

D. Obligation to Pay Full Cost of Service. Consistent with applicable law, including Propositions 26 and 218, each Cabin Customer is required to pay the full cost of sewer service provided by the District. "Full cost" means all costs of designing, constructing, installing, operating, maintaining, repairing, replacing, and improving District wastewater facilities required to serve Cabin Customers, including maintaining prudent reserves for operational and maintenance costs, capital replacement, and repayment of any indebtedness incurred for such costs and expenses. If appropriate in the District's sole discretion, it may fix the fees and charges for the full cost of providing sewer service to each Cabin Customer through uniform rates, fees, and charges for outside services determined in a periodic rate study or, if special circumstances warrant, District may fix the sewer charges for service to the Property through an individualized analysis of the full cost of service. Regardless of how the District charges for sewer service, each Cabin Customer must pay those charges as a condition of continued service.

E. No Obligation to Provide Water. The District's provision of out-of-district sewer service shall in no way obligate or require the District to provide water service of any kind to a Cabin Customer.

F. Facilities Improvements. If any private sewer pipelines and facilities necessary to serve a leasehold must be constructed or improved to maintain existing sewer service, then the affected Cabin Customer shall be required to construct any new or improved private facilities at their sole cost, including payment of all District fees and charges for reviewing, designing, permitting, inspecting, and approving the plans and construction of such facilities. A Cabin Customer shall not commence construction of any private sewer facilities improvements until after District has reviewed and approved the plans for the improved facilities. Cabin Customers shall provide the District access at all times to conduct inspections of private facilities and improvements during construction as required by the District Code and other applicable ordinances, rules and regulations, and policies. No new or improved private facilities shall be placed into service until the District has issued a Certificate of Final Inspection. No District approvals shall be provided until a Cabin Customer has obtained, at its sole cost, all permits, licenses, and easements, including special use permits from the USFS, necessary to construct the new or improved private facilities.

G. Maintenance of Facilities. Cabin Customers have sole responsibility for their sewer facilities beyond the point where Cabin Customers' private sewer facilities connect to District's sewer main or trunk line serving the leasehold. As a result, Cabin Customers shall

be responsible for all costs involved in the repair, operation, maintenance, replacement, and improvement of the sewer pipelines and appurtenant facilities from the connection at the District's sewer transmission mains or trunk lines to and throughout the Property to serve Cabin Customer's service demands and facilities.

H. Curtailed Service. District, and its officers, directors, employees, and agents, shall not be liable for any damage, direct or indirect, arising from any insufficiency, interruption, or curtailment of sewer service caused by acts of God, accident, fire, strikes, riots, war, actions or decisions by any governmental agency, officer or court, hydrological conditions, sewer facility malfunctions of any nature, operational constraints, or any condition outside of District's control. Whenever feasible, District shall give Cabin Customers at least 24-hours' advance notice of any service insufficiency, interruption, or curtailment, except in the case of an emergency, in which case notice shall be provided as soon as feasible. District may temporarily discontinue or reduce sewer service to Cabin Customers for purposes of maintaining, repairing, improving, replacing, investigating, testing, or inspecting any of the facilities necessary for the provision of sewer service.

I. Unauthorized Service. Cabin Customer shall not connect, or allow to be connected, to Cabin Customer's sewer facilities, any other property, parcel, facility, or premises. If Cabin Customer utilizes District sewer service for other than the existing facilities served by the District, that service is deemed unauthorized and in violation of these Regulations. In that event, District may terminate sewer service to the leasehold as provided in Regulation K. immediately below. Any person or entity receiving unauthorized sewer service shall be liable to District for all rates, fees, and charges incurred using that unauthorized service. District shall be entitled to recover from the Cabin Customer all administrative and collection costs and attorneys' fees and court costs and litigation expenses incurred in enforcing this Regulation I.

J. Termination of Service. District may terminate sewer service to a Cabin Customer's leasehold upon: (1) Cabin Customer's violation of any provision of these Regulations; (2) Cabin Customer's failure to promptly pay any rate, fee, or charge billed by District; (3) any change in or enforcement of any applicable law (including the requirements of Water Code section 31100), ordinance, rule or regulation rendering impossible or impracticable District's authority or ability to provide sewer service to Cabin Customer or their leasehold; (4) the USFS terminates or condemns a lease or permanently removes a cabin; or (5) Cabin Customer's failure to maintain in good repair their private sewer lateral and related facilities on the Cabin Customer's side of the connection to the District's sewer main or trunk line.

K. Suspension of Sewer Service to Protect Lake Mary Water Quality.

a. If, at any time, District staff notifies Cabin Customers that electric power is unavailable or the sewer system has experienced a failure at any District treatment, collection, or conveyance facilities serving the leasehold, Cabin Customers will eliminate all flows into sanitation facilities and vacate the leasehold to avoid any sewer overflows or damage.

b. If Cabin Customer is aware that an emergency light is on at any sewage pump stations, the Cabin Customer shall immediately notify District staff.

The above actions are required for the protection of the District's water supply from Lake Mary. If the Cabin Customer becomes aware of other conditions which threaten the quality of District's water supply or which might adversely impact any public sewer or water facilities operated by the District, Cabin Customer shall immediately notify District staff of that condition.

L. Assignment or Transfer. The District recognizes that cabin leases in the Lakes Basin are generally subject to long-term leases which permit the existing leaseholder to assign or transfer their cabin entitlement during the life of the existing USFS lease under certain conditions. Any transfer or assignment permitted by an existing USFS lease shall not terminate or void a Cabin Customer's entitlement to out-of-district sewer service, provided that the new lessee complies with these Regulations and on the condition that the existing leaseholder or their successor promptly notifies the District of any permitted transfer or assignment. Failure of a new lessee to comply with these Regulations or to notify the District of a transfer or assignment may be grounds for termination of service.

M. Indemnification and Hold Harmless. As a condition of receiving sewer service, each Cabin Customer is required to indemnify, protect, defend, and hold harmless District and its officers, directors, agents and employees against any and all costs (including, but not limited to, reasonable attorneys' fees and litigation costs and expenses), loss, expense, claim, liability, suit or judgment for damages of any nature whatsoever, including, but not limited to, property damage, personal injury or death, arising out of or in any way connected with District's provision of sewer service to Cabin Customer and use of that service on and for the benefit of Cabin Customer's leasehold, or related to the control, carriage, handling, use, disposal, or distribution of wastewater before the point of connection. For elimination of doubt, this indemnity provision is as broad as the law permits and covers all actions of any nature of District and Cabin Customer, except those caused by the sole willful negligence or misconduct of District, its officers, directors, employees, or agents. Cabin Customer shall with due diligence reasonably defend any suit brought against an indemnified party asserting a claim covered by this indemnity. If Cabin Customer fails to reasonably and with due diligence defend any such suit where an indemnified party is required to undertake its own defense, Cabin Customer shall pay the indemnified party's costs and reasonable attorneys' fees for such defense.

N. Notices. Any notice, demand, invoice, or other communication required or permitted under these Regulations will be given to Cabin Customer (a) in person, (b) by prepaid, first-class U.S. mail, (c) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with confirmed receipt. The notices, etc. shall be addressed to Cabin Customer's address of record and shall be deemed delivered (a) when delivered in person, (b) three days after deposited in prepaid, first-class U.S. mail, (c) on the date of delivery as shown on the overnight courier service receipt,

or (d) upon the sender's receipt of an email from the other party confirming the delivery of the notice, etc. It shall be Cabin Customer's sole obligation to inform District of any change in their address of record or of any transfer or assignment of a lease. Any claim of liability or damages resulting from a failure by a Cabin Customer to notify District of any change of address or transfer or assignment of a leasehold shall be solely at the Cabin Customer's risk and responsibility.

III. Termination of Existing Agreements with Cabin Customers in the Lakes Basin.

Upon their initial approval, these Regulations shall take effect and shall terminate, supersede, and replace in full all existing agreements for out-of-district sewer service between the District and any USFS cabin leaseholder in the Lakes Basin.

IV. Compliance with Other Laws.

Cabin Customers shall comply with the applicable provisions District's Sewer Code, the Policy, applicable federal, state, and local laws and regulations, and other ordinances, rules, and regulations of the District governing sewer service.

V. Enforcement.

If a Cabin Customer violates any provision of these Regulations, the District shall first notify the Cabin Customer of the violation and provide them 15 calendar days to remedy the violation unless the District agrees to a longer cure period in writing. If the violation is not cured by the end of that time, the District shall have the right to enforce any Cabin Customer's violation of these Regulations using any remedy provided in these Regulations, including termination of service, or to use any other remedy provided to the District at law or in equity for such violations. If the District is required to enforce these Regulations against a Cabin Customer, in addition to any other remedies, the District shall be entitled to its reasonable attorneys' fees and litigation costs and expenses.

VI. Amendment of Regulations.

The District may at any time, subject to reasonable notice to Cabin Customers, amend these regulations within the Board's reasonable discretion and as permitted by governing law.