

CHANDLER HEIGHTS CITRUS IRRIGATION DISTRICT

Rules and Regulations Regarding Delivery of Water Services

Pursuant to the authority granted to the Board of Directors (“Board”) of the Chandler Heights Citrus Irrigation District (“District”) under the District’s By-laws and Arizona law, including, but not limited to, Arizona Constitution Article XIII, § 7 and Arizona Revised Statutes § 48-2901, *et seq.*, the Board has adopted the following Rules and Regulations which shall apply to all members of the District, all property in the District, the provision of water and other services by the District, and all contracts and agreements entered into with the District for provision of water and/or other related services.

EFFECTIVE DATE: April 10, 2025

I. PROVISION OF SERVICE:

A. Water Meter and Service Agreement

Prior to receiving any domestic water service, a property owner or renter (“Customer”) shall execute a Water Meter and Service Agreement in the form attached hereto as Exhibit 1, A or B. No water shall be delivered to any Customer or landowner while delinquent in water payments or while such Customer or landowner is indebted to the District from any cause unless and until such indebtedness has first been adjusted.

B. Irrigation Water Agreement:

Prior to receiving any irrigation water service, a Customer shall execute an Irrigation Water Agreement in the form attached hereto as Exhibit 2, A or B. No water shall be delivered to any Customer or landowner while delinquent in water payments or while such Customer or landowner is indebted to the District from any cause unless and until such indebtedness has first been adjusted.

C. Customer Responsibility:

1. Each Customer shall be responsible for maintaining all facilities on the Customer's side of the point of delivery of water in a safe and efficient manner and in accordance with the rules of the state Department of Health.
2. Each Customer shall be responsible for safeguarding all District property installed in or on the Customer's premises for the purpose of supplying water to that Customer.
3. Each Customer shall exercise all reasonable care to prevent loss or damage to District property, excluding ordinary wear and tear. The Customer shall be responsible for loss of or damage to District property on the Customer's premises arising from neglect, carelessness, or misuse and shall reimburse the District for the cost of necessary repairs or replacements.

4. Each Customer shall be responsible for payment for any equipment damage resulting from unauthorized breaking of seals, interfering with, tampering with, or bypassing the District's water meter.
5. Any private irrigation lines that run through Customer's property are Customer's responsibility both for maintenance and irrigation operation (opening and closing valves on time).
6. Each Customer shall be responsible for notifying the District of any failure identified in the District's equipment.
7. Water furnished by the District shall be used only on the Customer's premises and shall not be resold to any other person, nor trucked out of the District. During critical water conditions, as determined by the District, the Customer shall use water only for those purposes specified by the District. **Disregard for this rule shall be sufficient cause for refusal or discontinuance of service.**
8. No landowner within the District is allowed to deliver potable water received from District works to another landowner, nor shall any landowner allow any other landowner to install pipes, ditches, canals, valves, connections, culverts or other works capable of receiving potable water from the District on original property owner's land, regardless of whether any compensation is received or paid for such service.
Exception: This regulation shall not apply to potable water connections allowing delivery of potable water from one landowner to another landowner if such connections were in existence and functioning as of *April 12, 2005*. Notwithstanding such exemption for existing connections under this regulation, the District reserves the right to regulate such existing connections in the future, upon passage of future regulations by due adoption by the Board of Directors.
9. In the event that a landowner within the District shall desire to sell or convey a portion of the landowner's land, such landowner shall inform the prospective purchaser or transferee the District potable water may only be accessed through the District, by maintaining an account with the District for the delivery of such potable water through District approved works.
10. Any person acquiring land within the District that does not have an existing service account may apply for potable water service for that land in accordance with District regulations and normal operating procedures. Any current landowner that is contemplating selling or conveying land, or reconfiguring the assessor's parcels for existing land, may apply to the District for potable water service to the new parcel before the sale, conveyance or reconfiguration occurs and, upon establishing an account for the new parcel in accordance with District procedures, assign that account to the purchaser or transferee, subject to all duties and responsibilities imposed by the District under its then current By-laws and regulations. For purposes of this

regulation, a sale or conveyance of land means any transfer of record title of land within the District, or any reconfiguration of tax parcels as maintained by the Maricopa County Assessor's Office within the District.

11. The unauthorized delivery or receipt of potable water from District works shall be a violation of these Rules and Regulations, and shall constitute a new violation each calendar month or portion thereof when the unauthorized delivery or receipt of District potable water occurs. In accordance with A.R.S. § 48-2978(17), each such violation shall be subject to a penalty of \$500.00 if the use is for domestic purposes, as defined by A.R.S. § 45-454, and \$5,000.00 if the use is for purposes other than domestic purposes. Notwithstanding such penalties, nothing herein shall preclude the District from seeking other relief available at law or in equity, including a mandatory injunction prohibiting the unauthorized receipt or delivery.
12. Not less than three working days advance notice must be given in person or in writing at the District's office to discontinue service or to change occupancy. The outgoing party shall be responsible for all District services provided and/or consumed up to the scheduled turn-off date.
13. NEITHER THE CUSTOMER, NOR ANYONE ON THE CUSTOMER'S BEHALF, SHALL TAKE ANY ACTION THAT INTERFERES WITH THE DISTRICT'S USE OF ANY DISTRICT EASEMENT OR MAINTENANCE OF ITS PIPELINES OR OTHER FACILITIES, NOR BUILD ANY FENCE, BUILDING OR OTHER STRUCTURE, ON OR IN ANY DISTRICT EASEMENT. CUSTOMERS FURTHER AGREE THAT NO BUILDING, FENCING OR LANDSCAPING WILL BE CONSTRUCTED, OR ANY OTHER OBSTRUCTION PLACED OVER ANY EASEMENT OR FACILITIES DEDICATED TO, UTILIZED BY, OR OWNED BY THE DISTRICT (*i.e.* Pipelines, water meters, valves, standpipes, ditches, laterals).
14. Before erecting any fences or other structures, call Arizona 811 @811 to request a marking of district lines and easements. A completed evaluation must be on file in the office before construction begins.
 - CHCID must also receive an Arizona 811 completed evaluation request at the office.
 - Arizona 811 evaluations are valid for 15 days.
 - **Accidental Damage to the Domestic or Irrigation System, with current Arizona 811 on file with the CHCID office**

Fines of up to \$250.00 may be assessed and the violating party shall be held financially responsible for all costs for the legally safe return of the system to service.
 - **Damage to the Domestic or Irrigation System, with NO Arizona 811 on file with the CHCID office**
 - a) For residential parties, there may be a fine up to \$500.00 plus the cost for the legally safe return of the system to service.
 - b) For commercial parties, there may be a fine of up to \$2500.00 plus the cost for the legally safe return of the system to service.
15. If the District hires an attorney to enforce any of these Rules and Regulations, or any other rights of the District, the District shall have the right to recover its reasonable attorneys' fees and costs incurred in seeking such enforcement

D. Hydrant Meters:

Due to high demand and a waiting list, we are revising the hydrant policy as follows:

- Rental term for hydrant meters is one year, with an option to renew for an additional six months subject to CHCID Board approval.
- Hydrant meters and water use are for projects within the CHCID District.
- If at any time non-use for one month or more is determined by meter reads, the meter will be removed.
- If we find that water is leaving the District for use elsewhere, the meter will be removed.

E. Grounds for Refusal of Service:

The District may refuse to establish service if any of the following conditions exist:

1. The applicant has an outstanding amount due for the same class of water service with the District and the applicant is unwilling to make arrangements with the District for payment.
2. A condition exists which in the District's judgment is unsafe or hazardous to the applicant, the general population, or the District's personnel or facilities.
3. Refusal by the applicant to provide the District with a deposit.
4. Customer is known to be in violation of the District's Rules and Regulations, including Section C: 12.
5. Failure of the Customer to furnish such funds, service, equipment, and/or rights-of-way necessary to serve the Customer and which have been specified by the District as a condition for providing service.
6. Applicant falsifies his or her identity for the purpose of obtaining service.

II. BILLING/PAYMENT FOR DOMESTIC WATER:

A. Timing:

1. All bills for services are due and payable no later than close of business on the 20th of each month. If the 20th falls on the weekend, the payment is due by 8:00 a.m. Monday morning either by leaving payment in the box in front of the office or by a voicemail authorizing a credit card payment. Any payment not received within this time-frame shall be considered past due.
2. One month late will be assessed a \$25.00 late fee.
3. Two months late will be assessed another \$25.00 late fee and a Blue Door Tag fee of \$25.00. Lock off will occur if full payment is not received by the date and time on the blue door tag.

4. If the meter is locked off, there is a \$45.00 fee added to the amount owed.
5. SAME DAY unlock \$100, next day unlock \$45. full payment is required to unlock the meter.
6. All payments (check, money order or credit card) shall be made at or mailed to the office of the District.
7. CHCID does offer a deferred payment agreement
 - a. A customer who desires to enter into a deferred payment agreement must establish such agreement prior to the scheduled termination date for nonpayment of that customer's water bills
 - b. If a customer fails to fulfill the terms of a deferred payment agreement, the Chandler Heights Citrus Irrigation District shall have the right to terminate the water service, under such circumstances; the Company shall not be required to offer subsequent negotiation of a deferred payment agreement prior to termination of water service.

B. Insufficient funds (NSF) checks:

1. The District shall be allowed to recover a fee for each instance where a Customer tenders payment for District service with an insufficient funds check. The current charges are set forth in Exhibit 3 hereto.
2. When the District is notified by the Customer's bank that there are insufficient funds to cover the check tendered for District service, the District may require the Customer to make payment by money order, certified check, credit card or other means which guarantee the Customer's payment to the District.
3. A Customer who tenders an insufficient funds check shall in no way be relieved of the obligation to render payment to the District under the original terms of the bill nor defer the District's provision for termination of service for nonpayment of bills.

C. Rates:

The Board has the power to fix the price to be charged for irrigation and domestic water. Such rates and other charges or tolls shall be fixed as often as the Board may deem necessary. The current rates and other charges are set forth in Exhibit 3 hereto.

D. Liens:

To the fullest extent allowed by law, any unpaid charges for water or other services, fines, penalties, or other indebtedness to the District shall become a lien against the real property owned by the indebted person within the District.

III. ENTRY UPON LAND; INTERFERENCE WITH EASEMENTS OR SERVICE PROHIBITED:

A. Authority

Pursuant to Arizona law, including without limitation, A.R.S. § 48-2978(13), the Board has the right to exercise exclusive control over the easements, laterals, ditches, canals, rights-of-way and other property of the District, prevent encumbering thereof, abate and remove all encumbrances and obstructions thereon, make improvements thereon, vacate any right-of-way not necessary for the further use of the district and protect such right-of-way from encroachment and injuries. Pursuant to Arizona law, including without limitation, A.R.S. § 48-2978(17), the Board has the right to make, amend or repeal resolutions, bylaws and rules necessary for the government of or for carrying into effect the powers vested in irrigation districts or any department or officer thereof, and enforce observance thereof by imposition of penalties, including penalties not exceeding:

- (a) Five hundred dollars (\$500.00) for violations of these Rules and Regulations by persons who use water for domestic purposes; and
- (b) Five thousand dollars (\$5,000.00) for violations of these Rules and Regulations by persons who use water for purposes other than domestic purposes.

B. Entry Upon Land

The directors, officers, agents, and employees of the District may enter upon easements and right of ways in the District for any District purpose to make surveys and locate sites for construction of a canal or canals, pipelines, and necessary laterals, or to extend or maintain the irrigation or water delivery system of the District thereon. In addition, the Board may construct District works across any water-course, street, avenue, highway, railway, canal, ditch, or flume which the route of the canal or canals, ditches, conduits, pipelines or other irrigation or drainage works or appurtenances intersect or cross.

C. Penalties:

For any unauthorized encumbrance upon, obstruction of, or interference with the District's pipelines, facilities, easements or employees performing services for, or on behalf of, the District, penalties up to the amounts allowed under A.R.S. § 48-2978(17), may be imposed by the Board, which penalties if unpaid, shall become liens upon the property within the District owned by the person against whom the penalty is assessed. Alternatively, or in addition thereto, the Board may terminate the services provided by the District pursuant to Rule V below.

D. Abatement:

In addition to any other remedies that may be available to the Board, the Board may cause any and all encumbrances and obstructions upon, or other attempts to interfere with the District's and the District's employee's use of the easements running in favor of the District, or the District's operation, maintenance or installation of any District facilities, pipelines, or property, to be stopped, removed and or abated. The cost of such actions shall be paid by the person or persons causing the encumbrance, obstruction or interference. In addition, the District may seek preliminary and permanent injunctive relief in relation to any violation of these Rules and Regulations.

IV. TERMINATION OF SERVICE BY THE DISTRICT

A. Termination of Service Without Notice:

1. The District may disconnect service without advance written notice under the following conditions:
 - a. The existence of an obvious hazard to the safety or health of the consumer or the general population.
 - b. The District has evidence of meter tampering or fraud.
 - c. Failure of a Customer to comply with the curtailment procedures imposed by the District during supply shortages.
2. The District shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the District.
3. The District shall maintain a record of all terminations of service without notice. This record shall be maintained indefinitely.

B. Termination of Service With Notice:

1. The District may disconnect service to any Customer for any reason stated below provided the District has met the notice requirements established by these rules:
 - a. Customer violation of any of the District's Rules.
 - b. Failure of the Customer to pay a delinquent bill for services provided by the District.
 - c. Failure to meet or maintain the District's deposit requirements.
 - d. Failure of the Customer to provide the District reasonable access to its equipment and property.
 - e. Customer breach of a written contract for service between the District and Customer.

- f. When necessary for the District to comply with an order of any governmental agency having such jurisdiction.
2. This District shall maintain a record of all terminations of service with notice. This record shall be maintained indefinitely.

C. Termination Notice Requirements:

1. The District shall not terminate service to any of its Customers without providing advance written notice to the Customer of the District's intent to disconnect service, except under those conditions specified where advance written notice is not required.
2. Such advance written notice shall contain, at a minimum, the following information:
 - a. The name of the person whose service is to be terminated and the address where service is being rendered.
 - b. The District Rule(s) and Regulation(s) that was(were)violated and an explanation thereof or the amount of the bill which the Customer has failed to pay in accordance with the payment policy of the District, if applicable.
 - c. The date on or after which service may be terminated.
 - d. A statement advising the Customer that the District's stated reason for the termination of services may be disputed by contacting the District at a specific address or phone number, advising the District of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the District in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the District shall retain the option to terminate service after affording this opportunity for a meeting and concluding that the reason for termination is just and advising the Customer of his right to file a written appeal with the Board.
3. Where applicable, a copy of the termination notice will be simultaneously forwarded to designated third parties.

D. Timing of Terminations With Notice:

1. The District shall give at least two days' advance written notice prior to the termination date.
2. Such notice shall be considered to be given to the Customer when a copy thereof is left with the Customer or posted first class in the United States mail, addressed to the Customer's last known address.

3. If after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the District for the payment thereof, or in the case of a violation of the District's Rules and Regulations, the Customer has not satisfied the District that such violation has ceased, the District may then terminate service on or after the day specified in the notice without giving further notice.
4. Service may only be disconnected in conjunction with a personal visit to the premises by an authorized representative of the District.
5. The District shall have the right (but not the obligation) to remove any or all of its property installed on the Customer's premises upon the termination of service.

E. Landlord/Tenant Rule:

In situations where service is rendered at an address different from the mailing address of the bill or where the District knows that a landlord/tenant relationship exists and that the landlord is the Customer of the District, and where the landlord as a Customer would otherwise be subject to disconnection of service, the District may not disconnect service until the following actions have been taken:

1. Where it is feasible to so provide service, the District, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant then declines to so subscribe, the District may disconnect service pursuant to these rules.
2. The District shall not attempt to recover from a tenant or condition service to a tenant upon the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.
3. Security Deposit for Landlords will be retained while property is a rental or until sold.

V. SPECIFICATIONS:

A. For Domestic Water Main Installations

See Exhibit 7 hereto.

B. For Water Meters

1. Service for domestic water shall be limited to one residential dwelling with one water meter per $\frac{3}{4}$ acre lot (32,670 square feet). Larger projects that involve lots splits must average one water meter per $\frac{3}{4}$ acre lot (32,670 square feet) or more, and the minimum lot size that can receive a meter is $\frac{3}{4}$ acre lot (32,670 square feet).

2. For additional specifications, see Exhibit 7 hereto.

C. For Private Irrigation Line Installations

See Exhibit 7 hereto.

VI. DISPUTE RESOLUTION:

1. **Determination by the District:** All disputes and/or claims arising under or related to the provision of Services by the District, enforcement or breach of these rules, or any other disputes between Customer and the District, shall first be submitted to the District to be resolved informally by the District staff. The Staff shall provide notice of its resolution to the Customer in writing. A Customer may appeal the Staff's written determination by providing a written notice of appeal to the District Board within ten (10) days of receipt of the Staff's written determination. The Board may hear the customer's appeal or may appoint a hearing officer to hear and resolve any disputes, and present the hearing officer's determination to the Board. The Board may adopt or reject the hearing officer's determination, or may make its own determination. The Board's determination shall be made set forth in writing and transmitted to the Customer. The determination of the Board shall be final, except as set forth below.
2. **Arbitration:** A customer may appeal the decision of the Board by submitting a written demand for arbitration to the Board within ten (10) days of receipt of the Board's determination. The parties shall submit the dispute and/or claim to be resolved through binding private arbitration conducted according to the then current Commercial Arbitration Rules of the American Arbitration Association ("AAA"), but not administrated or conducted by the AAA, which arbitration shall be held in Phoenix, Arizona, utilizing a single arbitrator selected by the parties, unless the parties agree, in writing, to an alternative arbitration procedure. The award entered by the arbitrator shall be final and judgment may be entered thereon in the Maricopa County, Arizona, Superior Court.
3. **Attorneys' Fees:** The prevailing party in any arbitration or court proceeding under the Contract shall be entitled to an award of its attorneys' fees, costs, and expenses (including expert witness fees) incurred.
4. **District's Right to Enforce:** Nothing contained herein shall preclude the District from seeking specific performance of any obligation of a Customer under these rules, or seeking preliminary or permanent injunctive relief to stop a breach of these Rules or enforcing any of the District's rights through appropriate court action, including, specifically the District's rights to build, maintain, protect and/or utilize its facilities, wells, pipelines, easements, right of ways and/or other real or personal property interests.