

Root Creek Water District

Policy Regarding Construction of District Facilities

Adopted: September 9, 2019

Amended: August 8, 2022

Amended: June 12, 2023

Purpose

The purpose of this “Policy Regarding Construction of District Facilities” (this “Policy”) is to provide that a Permittee that constructs and dedicates facilities that would otherwise be funded by Root Creek Water District’s (the “District”) fee program, shall not be charged the connection fee that would have otherwise funded such facility.

Policy Statement

This Policy details how the District permits Permittees to build infrastructure that benefits the District’s utility system and creates a program to acknowledge these activities by foregoing the collection of connection fees. To ensure clarity of understanding of obligations of the Permittee, maintain the financial stability of the District, and provide a consistent procedure for foregoing the collection of connection fees to Permittees, the Board of Directors of the District establishes this Policy to guide the District in carrying out its duties.

Fees Relinquished

A. In the computation of the District’s water, wastewater, and storm drain connection fees (“Connection Fees”) payable because of development and the District providing service to a parcel of land, the District may relinquish Connection Fees for planned local facilities and improvements constructed and dedicated to the District. The District shall maintain discretion based on financial considerations prior to entering into a “District Facility Construction Agreement” with a Permittee that would forego the collection of the applicable Connection Fees. In order to be eligible to enter into a District Facility Construction Agreement, a Permittee must be in compliance with all of the District’s Rules, Regulations and Policies, including, but not limited to, the Infrastructure Facilities Policy.

Relinquished Connection Fees are limited to the actual cash expenditures for the facilities constructed and still in existence and use, subject to the following conditions and limitations:

1. Qualifying facilities shall be constructed in conformance with the District’s Standards and Specifications, at the time of construction, and the District’s Infrastructure Facilities Policy.
2. The District’s General Manager, or his or her designee, shall certify that such facilities are in conformance with, or beneficial for use in connection with, the District’s local storm drainage facilities and improvements installed or to be installed in the District.
3. Relinquished Connection Fees shall not exceed the cost of such facilities or improvements, as determined by the District’s General Manager, from actual cost records or by applying estimates of present-day construction costs at the time such facilities were originally constructed, provided that no consideration shall be allowed because of public easements or

rights-of-way, the dedication of which have been or would be required by the District or other public agency in conjunction with development.

4. Proof to the satisfaction of the District's Board of Directors shall be made by the Permittee constructing facilities hereunder of the amount of the actual cost or cash expenditures incurred, in order for District to forego collection of Connection Fees.

5. The District shall maintain full discretion with respect to the timing of relinquishment of the Connection Fees based, at least in part, on financial considerations for purposes of maintaining the financial stability of the District.

6. The facilities shall be dedicated to the District at no cost to the District.

7. When the facilities benefit more than one parcel, the District may, in the absence of an agreement among the owners of the subject parcels benefitted by the facilities, estimate the total cost of the facilities at the time of construction and apportion the total of fees not collected allowable for such facilities among the benefiting parcels in a manner that the District, in its sole and absolute discretion, shall deem equitable.

8. Measures required for compliance with water quality regulations shall not be considered in establishing the Permittee's cost of construction.

9. Planned local facilities and improvements constructed by public agencies when they are funded solely by grants obtained for the purpose of constructing planned local facilities are not applicable under this Policy.

B. The District Facility Construction Agreement entered into between the District and Permittee shall be recorded against the lands for which District Connection Fees are relinquished.