

LAGUARDO UTILITY DISTRICT

DEVELOPMENT POLICY

The District hereby adopts the following to be applied by the District to developers, contractors, or other persons [hereinafter Developers] seeking services from the District for residential subdivisions and/or commercial developments. In order for the District to serve the public and to comply with applicable , the Commissioners must set rates, fees, and charges sufficient to produce revenues to pay for operating expenses and to amortize any indebtedness of the District. The District will require that Developers who seek to profit from residential or commercial construction pay their fair share of such costs. Should the costs of construction be unusual, or should other unusual circumstances exist, the District may modify or add to these procedures. The determination of unusual circumstances will be made by the District on a case-by-case basis.

1. The costs and expenses incidental to the installation, connection, and inspection of water facilities for residential subdivisions, commercial developments, or any other type of expansion shall be paid by the Developer. In addition, the Developer shall indemnify the District from any loss or damage that may directly or indirectly result from the installation of water or sewer lines by the Developer.

2. A Developer seeking to obtain water services from the District will submit to the District an application which includes a preliminary plat, and any other information necessary for review and a determination of availability of service, and pay the Application Fee which is stated in the District's Schedule of Rates and Fees. Each plat will show the number and size of units (single family, duplex, etc.) to be served in the development. In the event a planned development includes a fire sprinkler system, the Developer shall submit as part of its plan the total sprinkler system and the number and location of sprinkler heads and hydrants.

3. The Developer will obtain all permits (building, electrical, etc.) to serve these facilities. When the plat calls for the installation of water main under streets to be opened and dedicated within development, the Developer shall execute a Deed of Dedication to the District of 20-foot easements within which such lines are to be installed or shall execute a Deed conveying in fee simple the property within which such lines are to be installed. The Deeds are to be executed before trenching for the installation of such water main. These Deeds shall describe the easements or property by reference to the book and page of the recorded plat.

4. The District's policies regarding the requirement of easements are as follows:

(a) All water improvements including water storage tanks, booster or pumping stations, and treatment plant improvements shall be constructed on easements across private property or on property conveyed in fee simple to the District unless the District approves otherwise.

(b) All easements shall be obtained by the property owner and/or Developer that requests service.

(c) All easements shall be shown on all final subdivision plats before the plat will be signed by the District.

(d) Any easements that are required outside a proposed development shall be obtained prior to the initiation of water system construction by the Developer. All expenses of preparing and obtaining easements shall be paid by the Developer, including but not limited to, the consideration paid to the landowner. In the event the District exercises its power of eminent domain to acquire any such easement, the Developer shall pay all costs, expenses and awards, including any appraiser's fees and attorney's fees that are incurred during the condemnation process, upon the District's demand.

(e) All easements obtained must be on such terms and in such form and content as approved by the District.

5. Upon receipt of documents required by Paragraph 2, the District shall submit the information to its Engineer for development of a cost estimate for the water system to serve the proposed development, including any Off-Site improvements that may be required to serve this development.

6. The District's Engineer will prepare the plans and specifications for all installations which will be dedicated to the District. After the District's Engineer has completed the plans and the Developer has paid the District the appropriate charge due the Tennessee Department of Environment and Conservation, the District will send the plans and review fee to the Tennessee Department of Environment and Conservation for approval.

7. The District will sign a final plat for water and sewer system approval, if required, provided (a) all system improvements have been constructed and the plat constitutes an "as-built" condition, or (b) the Developer gives the District its surety bond or letter of credit for 100% of the construction costs of proposed improvements as estimated by the District's Engineer. The District shall hold the bond until all improvements are constructed in full adherence to the plat or until a corrected and amended plat is recorded noting all differences from the original plat. No water or sewer service shall be initiated within a platted subdivision or development of any kind until either (a) or (b) above is completed to the satisfaction of the District or the District, in writing, has waived the same.

8. Where private water and sewer lines are permitted by the District and are not to be dedicated to the District, the District's Engineer will inspect and approve these lines.

9. The District may confer with its attorney during all procedures listed herein. Upon the District's approval of the plans, specifications, and other necessary information, they will be referred to the District's attorney for the drafting of a contract between the District and the Developer.

10. Before work of any type or nature is begun on any project, the District and the Developer shall sign the appropriate contract and the preconstruction meeting shall be held.

11. As a condition to the District's execution of a contract with a Developer, the Developer must pay all charges provided by Paragraph 12 herein. The District may require the Developer to post a surety bond with corporate surety authorized to do business in the State of Tennessee or to file an irrevocable letter of credit issued by a national bank or a bank authorized to do business in the State of Tennessee. The District may authorize reduction of the bond or letter of credit on the basis of certification by the District's Engineer as to percentage of completion of the project as designed by such Engineer; however, a minimum of 10% shall be retained until the project is 100% complete, approved and functioning.

12. The standard requirements governing work progress and fees and charges to be contained in the contract are set forth in this paragraph.

(a) The Developer will be permitted to connect to the District's existing water lines provided the water lines extended to and throughout the development which are to be dedicated to the District are free and clear of the claims of any persons or entities, with the Developer warranting said work for a one-year period after acceptance by the District.

(b) The Developer shall purchase from the District water meters as specified by the District and which will be installed by the District unless the District requires otherwise. Beginning September 1, 2012, all such water meters will be capable of being read by radio or other electronic signals, as required by the policy entitled Meters and Equipment Owned by the District. The District shall specify the brand, type, and specifications for such radio read meters.

(c) In areas not classified as new subdivisions, the District will install all meters in order to control cross connections and meet other mandatory requirements, and in accordance with the District's Rate Chart.

(d) Prior to the preparation of any engineering plans and prior to the preparation of the contract between the Developer and the District, the Developer will pay to the District for the subdivision, section of a subdivision, or development, twelve percent (12%) of the cost estimated by the District's Engineer to pay for engineering, inspection, legal administrative and overhead expenses. If twelve percent (12%) is not adequate to cover all of the above cost incurred by the District, the remainder shall be billed to the Developer and paid before water is turned on to the development. Upon receipt of the twelve percent (12%) fee as set forth herein, the District's engineer will begin preparation of the necessary plans. The Developer will then notify the District if it intends to proceed with the Development, at which time the District's attorney will prepare a contract between the District and the Developer.

(e) Upon execution of the contract as prepared by the District's attorney as set forth in the preceding paragraph, and prior to the commencement of any work on the water distribution system, the Developer shall pay all application fees, tap fees, capacity fees, privilege fees, water storage fees, and connection fees as such are established and/or altered as set out in the District's current Schedule of Rates and Fees.

(f) The Developer shall pay all fees charged by the Tennessee Department of Environment and Conservation for the review and approval of plans for construction.

(g) In order to assure the District adequate operating income, the District may require any Developer to pay a minimum water bill for each prospective tap within the development prior to the time an actual connection is made. The timetable for payment of minimum water bills, and the number to be paid will be set by the District and included in the contract between the District and the Developer.

(h) For developments proposed in areas where the existing water lines are less than six inches in diameter, the Developer shall be responsible for all costs associated with extending a minimum of a six-inch diameter water line to the proposed development.

(i) When it is necessary for off-site improvements to be constructed in order to serve a development, the Developer shall be required to fund all necessary off-site improvements, including increasing the size of existing improvements, or constructing new water system facilities if required by the District. In its discretion, the District may require a Developer to install improvements that will not just benefit the Developer's project, but which will ultimately benefit other developments or customers served or to be served by the water system improvements. In such circumstances, the District may allow an offset or rebate of the capacity, tap, and/or other fees required to be paid by the Developer for the development. The decision of whether to allow an offset or rebate of such fees will be determined on a case-by-case basis, and will be determined in the sole discretion of the District. When considering whether to allow an offset or rebate of any fees or charges, the District will consider, among other factors, the costs of any improvements that would be required just to serve the Developer's project and the costs of the improvements that the District actually requires for the development. The District may also charge Developers who benefit from prior improvements appropriate fees for the right to utilize facilities that are already in place, whether the improvements were constructed by the District, another Developer, or a combination thereof.

13. The Developer shall guarantee all work on any system additions which it installs for a period of one (1) year from the date of final acceptance and shall immediately correct any deficiencies in the work, due to material or workmanship, which occur during the one year period. The date of final acceptance shall be that date on which the Developer has fulfilled all conditions necessary for final acceptance, including passing a final inspection, submittal of "as-built" drawings, payment of all fees due, and the system addition has been placed into service by the District. In its discretion, the District may require that such warranty period be insured by a maintenance bond in an amount and with security which is acceptable to the District. Should the District have to repair any problem which is under the Developer's warranty, then the cost of repairing the same shall be paid by the Developer to the District.

14. The Developer shall install water lines in strict accordance with the plans and specifications of the District's Engineer. The District shall allow the Developer to install water lines both on-site and off-site from his development; however, the District reserves the right to determine that it shall plan, bid and have constructed any water system improvement, either on-site or off-site, which it deems appropriate. In such instance, the Developer shall be required to establish a line of credit or escrow account (or such other financial vehicle as is acceptable to the District) for payment of the total estimated cost of construction. Further, the Developer shall make such funding accessible to the District and/or its Engineer for the purpose of making payments for construction. If the cost of the construction exceeds the total estimated cost, Developer agrees to provide, upon demand by the District or its Engineer, the additional funds necessary to cover all installation and construction costs.

15. Where the Developer is to select a contractor and construct the water distribution system, reports on progress shall be filed regularly, at intervals specified by the District. All work shall be inspected and approved by the District or its Engineer and all work of the District's Engineer relative to the project shall be paid by the Developer as outlined in Paragraph 12. In such case, the District shall approve the contractor and the manufacturer of all materials to be provided by the Developer or his contractor. Before such materials are ordered, the Developer shall submit to the District for its approval a list of all materials and their manufacturer.

16. Before water service is turned on, the District shall inspect the water meter boxes and such shall be installed in accordance with the District's requirements before approval is granted. Specifically, the tops of meter boxes shall be installed at ground level and uncovered before acceptance is given. No water main or service shall be turned on by anyone until final approval is had. No such service shall be turned on by anyone other than the LaGuardo Utility District.



JULIAN SAMPSON - PRESIDENT



CLAYTON GRAY - VICE-PRESIDENT



LARRY BOWERS - SECRETARY

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