

# **MEN WATER SUPPLY CORPORATION**

## SERVICE EXTENSION POLICY

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## MEN WSC – SERVICE EXTENSION POLICY

### PREMISE

MEN Water Supply Corporation recognizes its obligation to supply water to citizens in the Mildred, Eureka and Navarro communities and surrounding rural areas of Navarro County. Therefore, it recognizes the need to add the capital improvements required for serving new members to the limits of its financial ability. At the same time it does not feel the existing members should bear the financial burden to the extent that rates have to be increased to pay for the expansion of facilities.

MEN WSC is required to maintain recommended reserves to accommodate individual increases in demand on its system. When an Applicant wants to add multiple services and is willing to pay for a portion of the costs of making a capital addition, the Corporation will make every effort to accommodate them. The Applicant will be required to bear a portion of the cost of the capital addition by payment of fees specified in the Guidelines for Service Agreement section.

If an Applicant pays for a capital improvement in the form of a pipeline extension, or an increase in pipeline size, or any other facility necessary to provide them water, and if the Applicant delays the addition of meters to use the water made available for a period of time beyond that covered by a Development Agreement or current policy, then the Corporation is free to sell the service capacity to other applicants. If at a later date the original Applicant who paid for the capital addition wants water beyond the capability of the Corporation to supply them, they must once again negotiate with the Corporation for additional improvements to serve their needs.

The Applicant should recognize that the Corporation must comply with governmental entities or other secured lenders rules and regulations as promulgated from time to time.

### PURPOSE

The purpose of this policy is to govern service procedures and agreements for subdivisions, additions to subdivisions, or developments where service to more than one tract is necessary; and/or additional piping, service facilities, etc., are required to accommodate the Applicant. A subdivision is where a Preliminary or Final Plat of field notes have been submitted to the appropriate regulatory or governmental authority or are on file in county records or if one lot (tract) is sold, transferred or conveyed from property covered by one (or more than one where adjoining) warranty deed, then a sub-division exists for the purpose of this policy. Subdivisions may be installed in minimum of 30 lot additions if final plat is approved and recorded in matching phases by the appropriate governmental authority.

### POLICY APPLICATION

The Board of Directors of the Corporation may interpret on an individual basis whether or not the Applicant's request shall be subject to the conditions of this policy. This document is intended to supplement Men's Tariff provisions by providing details for implementation of the provisions thereof. In the event there is conflict between statements here within and the Tariff, the provisions of the Tariff will prevail unless otherwise directed by the Board.

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### GUIDELINES FOR SERVICE AGREEMENT

At the time the service agreement is completed and signed reserving the agreed upon number of taps the Applicant must satisfy all of the specified conditions including the following:

1. Paying all attorney and legal fees to complete the agreement.
2. Paying engineering fees or deposit required by for preliminary study, engineering review and supervision. Deposit will be as specified in the rate section of the Tariff unless otherwise noted by letter.
3. Paying for construction of water supply facilities with in the subdivision including inspection and other associated costs.

PLUS the items listed in one of the following methods.

METHOD A: SYSTEM IMPACT FEE WITH MONTHLY STANDBY FEE.

- 1). Paying the current MEN membership fee times the total number of platted lots.
- 2). Paying the MEN per lot System Impact Fee (SIF) as recorded in the current MEN WSC Operations Policies and Tariffs or Board of Directors minutes.
- 3). Agreeing to pay the monthly minimum for each lot (as in effect for all other members) for a period of up to 60 months beginning when the facilities are accepted by MEN. Payment to be by one of the following methods:
  - a. Establishing a letter of credit with a local financial institution that equals the Corporation's current minimum monthly rate times the number of lots for which service is reserved times the number of months established by the Corporation. NOTE: The letter of credit shall cover the reserved service period as stated in the service agreement or provide for notice by certified mail of non-renewal and provide for lump sum payment of remaining balance due.
  - b. Providing a payment Bond from an approved bonding firm to insure payment as above. Bonding firm must be United States of America based Corporation with minimum rating of "A" or better.
  - c. Lump sum payment with Service Agreement in accordance with Men's Tariffs or Board of Directors minutes. Setting of meter and receipt of monthly minimum water billing will not result in refund.
- 4). Meter setting fee is due when meter is set or membership transfer to individual requested. Transfer does not relieve original agreement obligation to guarantee monthly minimum for period specified except for payments made by individual owner. Amounts over monthly minimum are the responsibility of membership holder.
- 5). Payment for cost of facilities outside subdivision to a point of adequate capacity as determined by an engineering study with allowance for improvements to be covered by SIF Fee.

OR:

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### METHOD B: PAY RSLE FEE

1). Payment of Reserved Service Line Extension (RSLE) fees as set by the Board of Directors for each plated lot.

2). This method subject to limits of required line extension from subdivision to point of adequate system capacity being within per lot line extension footage limit as set forth in policies or Tariff.

3). Meter tap, SIF and membership fees are due when individual meter is set at request of lot owner.

OR:

### METHOD C: INDEPENDENT EVALUATION

Available for subdivisions exceeding 300 plated lots or when otherwise determined as appropriate by MEN WSC.

1). Completion of preliminary engineering study relating to total impact on system and associated cost estimates. Evaluation of study by project manager, legal staff and other consultants as may be required by MEN or governmental rules and regulations. Fees to fund this phase to be paid in advance or by schedule as determined by MEN with refund of unspent funds upon request if project does not proceed within time specified by Tariff or letter.

2). The amount of funds to be paid with subdivision contract and those that may be postponed until improvements of system facilities which may be reasonably delayed until individual meter installations impact the system will be determined on a case by case basis. A portion of these funds may include an amount to reserve service for a period specified by service agreement.

### OTHER GENERAL CONDITIONS:

Applicant must agree that all water and/or wastewater facilities installed through member's meter will belong to MEN WSC.

The Service Agreement shall not in any way contradict the MEN WSC Service Extension Policy unless changed at a meeting of the Board of Directors of the Corporation by a majority vote of a quorum and duly recorded in the minutes of that meeting; nor in any way contradict Men's Bylaws.

Should the Applicant fail to meet the conditions of the Service Agreement and/or the MEN WSC Service Extension Policy, then the Corporation shall not be obligated to supply water service to the applicable area, and any fees due the Corporation, etc., will be retained.

The Applicant shall agree to hold the Corporation harmless and indemnify it against claims or law suits by a utility contractor or third parties in connection with construction of utility facilities.

The Corporation agrees to extend its facilities or allow use of existing facilities to supply reserved service to Applicant's property, pursuant to agreements and regulations, and subject to final approval of the Board of Directors of the Corporation.

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### PROCEDURE

#### I. APPLICATION:

A. A completed non-standard application should be addressed to the Corporation containing information pertinent to the service request. A signed copy of this policy shall be returned to the Corporation with the completed application.

B. Four copies of the proposed plat drawn to governmental agency specifications and showing the location of the desired service area should be submitted for review as to requirements to provide service.

C. Applicant may be required at this time to make a deposit to cover engineering, legal, and staff fees. The balance less actual expenses shall be refundable to the Applicant where Corporation finds service is not feasible. No refunds will be made where Applicant declines to enter into a Service Agreement within one year following the date of the letter stating requirements for service (Item D.). A new application will be required for reconsideration after this time.

D. After engineering and project manager review, a letter stating estimated cost and installation requirements for service would be addressed to Applicant and/or appropriate governmental body. A copy of this letter signed by the Applicant and the appropriate governmental official will be returned to the Corporation. The service contract will be based on the number of lots stated in Men's letter of intent to serve as submitted to the appropriate governmental body.

E. A service contract will be agreed upon and executed by both parties prior to MEN WSC having any further responsibility. A MEN officer or his designee may execute said agreement without Board approval providing there are no changes from written policy involved.

#### II. DESIGN

A. The Corporation's consulting engineer shall design service facilities for the requested service area.

B. The engineer's fees shall be paid out of the initial deposit or as specified by the Engineer. Should the engineering fee exceed the deposit, the Applicant will pay the remaining amount necessary to cover all costs.

C. The engineer will submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.

D. The engineer shall design all facilities for any subdivision to meet the demand for service as plated. NOTE: MEN WSC will not serve a subdivision without restrictions prohibiting further subdivision of platted lots unless an application for new service agreement is received and approved by Men's board.

#### III. EASEMENTS:

A. In the event the Engineer's design determines that easements outside the subdivision are necessary, the Corporation may charge the Applicant an estimated fee to cover the expenses of obtaining these easements or the Applicant may secure the easements. Applicant shall pay entire cost where condemnation proceedings are required right-of-way, filing fees and court cost associated therewith.

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B. Before any work is begun, the Corporation shall have title or easement to a minimum fifteen (15) foot right of way on the land owner's property, where applicable. In case of subdivided property, the Corporation shall require all utility easements necessary for water/wastewater facilities construction to meet the conditions of the Navarro County Subdivision regulations, or the right to additional easements where deviation from dedicated utility easements is necessary as so deemed by the Corporation. MEN shall be named on the plat as an occupant of the dedicated easements.

C. The Corporation does not pay for any right of way easements nor allow the pipeline to be installed if more than 5% of the total necessary pipeline footage is required to be installed in a public right of way.

### IV. COSTS OF CONSTRUCTION

A. Should the Applicant decide to proceed at this point, MEN WSC will provide project costs based on an engineering estimate or at its option request bids on the project from pre-approved contractors.

B. If MEN determines the project is to be bid, bids will be handled as if the project were subject to approval for an expansion/improvement loan program. Typically, but not strictly speaking, the Corporation will accept the lowest best bidder if:

1. The contractor can secure necessary bonding,
2. He can supply favorable references, and
3. He is qualified in Men's opinion to satisfactorily complete the work.

NOTE: The corporation reserves the right to reject any bid or contractor.

### V. PREPAYMENT FOR CONSTRUCTION AND SERVICE

A. The Applicant will pay to MEN Water Supply Corporation the total cost of project before any construction is begun.

B. The Corporation may choose at its expense to install additional facilities providing for capacity beyond that required for Applicant. Men's portion of cost will be based on total cost less cost of minimum facilities determined by MEN as required for the project.

### VI. CONSTRUCTION

A. All road installation pursuant to county standards shall be completed prior to pipeline construction to avoid future problems resulting from road excavation. Road sleeves may be installed in locations specified by MEN Water Supply Corporation prior to road construction to avoid road damage. Men's responsibility for road crossing will be limited to reinstalling the material removed from the location.

B. The Corporation will inspect the facilities to insure Corporation Standards are met. If this inspection is not provided fully by the Corporation's Engineer and included in his fee, the Corporation may provide an inspector at Applicants expense. The Applicant has the right of inspection and accepts all responsibility to protect his interests.

C. Construction plans and specifications will be adhered to strictly, but the Corporation reserves the right to change order any specifications to better facilitate operation of the MEM WSC system due to unforeseen circumstances.

D. Contractors will be required to provide one years full warranty on labor and materials on all facilities installed.

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Presented and given this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at a regular meeting of the Board of Directors of the MEN Water Supply Corporation and approved the same day by a vote of a majority of a quorum of the Board of Directors.

ACKNOWLEDGEMENT OF POLICY CONTENTS.

I, \_\_\_\_\_, REPRESENTING \_\_\_\_\_, have read this policy and fully understand the terms. My signature does not in any way obligate me to pursue service with the MEN Water Supply Corporation.

Signed: \_\_\_\_\_.  
Date \_\_\_\_\_.

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