

GLADEVILLE 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 the law, which govern it, 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 cost of construction be unusual or 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** shall complete and submit the **District's** Request for Water Service Application, which includes a preliminary plat and other necessary information for review and a determination of availability of service. 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. The **Developer** must notify the **District** of any changes of the data submitted with the application.
3. The **Developer** will obtain all permits (building, electrical, etc.) to serve these facilities and all easements. A minimum exclusive easement fifteen (15) feet in width, unless otherwise determined by the **District**, must be conveyed to the **District** for water main construction.
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. In all such cases where the **District** approves water line construction within public rights-of-way, the **Developer** shall obtain consent from the political entity having authority over such rights-of-way for such construction.
 - (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 attorney fees, 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** or its Engineer shall prepare a preliminary cost estimate for the water system to serve the proposed development, including any Off-Site improvements that may be required to serve this development. When the **Developer** is prepared to move forward with the development, the **District** or Legal Counsel for the **District** will draft a Developer's Agreement for the project and the **Developer** must sign such Agreement and pay all applicable fees prior to further action by the **District** or its Engineer.
 6. Following execution of the Developer's Agreement and payment of fees, the **District** or its Engineer will prepare the plans and specifications for all installations, which will be dedicated to the **District**. After the plans are completed and the **Developer** has paid the **District** the appropriate charge due to 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 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 the proposed improvements as estimated by the **District** or its 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 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. The **District** may confer with its attorney during all procedures listed herein.
 9. Before work of any type or nature is begun on any project, the appropriate contract shall have been signed between the **District** and the **Developer**.
 10. As a condition to the **District's** execution and/or completion of a contract with a **Developer**, the **Developer** must pay all charges specified in the Developer's Agreement. 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 or provide other security as approved by the **District** or its counsel. The **District's** Manager may authorize reduction of the bond or letter of credit on the basis of certification by the **District** or its Engineer as to percentage of completion of the project as designed by the **District** or its Engineer; however, a minimum of 5% shall be retained until the project is 100% complete, approved and functioning.

11. The standard requirements governing work progress, 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 public 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) All residential water meters will be set by the **District** when the **Developer** has complied with the **District's** requirements for service.
- (c) In areas not classified as a new residential subdivision, 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) Upon execution of the contract, the **Developer** will pay to the **District** for the subdivision, section of a subdivision, or development, fifteen percent (15%) of the cost estimated by the **District** or its Engineer to pay for engineering, inspection, legal, administrative and overhead expenses. If fifteen percent (15%) 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. If the project is altered or delayed such that a new cost estimate for the project is deemed necessary by the Engineer, then the **Developer** shall pay the **District's** fee (15%) on any increase in the estimate before water is turned on to the development.
- (e) Following execution of the contract and prior to the commencement of work on the water distribution system, the **Developer** shall pay all tap fees, privilege fees, water storage fees, connection fees, and any other applicable fee as such are established and/or altered as set out in the **District's** current Fee Chart.
- (f) Upon execution of the contract, 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 ensure 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 an eight-inch diameter water line to the proposed development.
- (i) When the **District's** present or future needs in the area of a Development require significant upgrades, above those necessary for the project itself, the Board may review the project costs for the upgrade and determine the amount the **Developer** is required to pay for the upgrade over and above Development project costs necessary under the terms of this Policy. The Board may agree to maintain a record of that additional cost and may authorize that amount of money to be used as a credit against the **District's** tap fees on that project, such credit to be limited to \$1,000.00 per tap fee charged for the Development. The amount of money specified in the **District's** record may not be used for payment of any other fees on any other project. Any amounts not used on the project in question shall be a cost to the **Developer**.

12. 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, compliance with all **District** specifications, 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 shall be in a format 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**.
13. The **Developer** shall install water lines in strict accordance with the plans and specifications of the **District** or its 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, the **Developer** agrees to provide, upon demand by the **District** or its Engineer, the additional funds necessary to cover all installation and construction costs.
14. Where the **Developer** is to select a contractor and construct the water distribution system, reports on progress shall be provided regularly, at intervals specified by the **District** or its Engineer. All work shall be inspected and approved by the **District** or its Engineer or **District** personnel. The **Developer** shall give reasonable notice to the **District** of the stages of work as it progresses so that the **District** may observe the work and make reasonable inspections of the same. Any loss or expense to uncover work not inspected by the **District** shall be borne by the **Developer**. All work of the **District** or its Engineer relative to the project shall be paid by the **Developer** as outlined in the **Developer's** Agreement. The **District** reserves the right to 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 shop drawings for all materials.
15. 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 **Gladeville Utility District**.
16. The **District's** obligation to provide water service includes the obligation to provide water for normal domestic use but does not include an obligation to provide an unlimited demand for water for irrigation purposes when such demand exceeds the **District's** ability to provide such water for irrigation purposes. If the **District** determines that it does not have the ability to provide sufficient water to the development for irrigation purposes and still meet the needs of its other customers, then the **District** reserves the right to require the **Developer** and/or property owner to shut off its

irrigation system until such time as the **District** determines, in its sole discretion, that there is sufficient water available for the developments irrigation needs.

The **District** will also strive to provide adequate water flow for fire protection, but the **Developer** acknowledges that the **District** was established as a supplier of potable water for domestic purposes, which remains the **District's** priority. The **District** cannot and will not guarantee that water will be available for non-domestic purposes, such as irrigation and fire protection.

17. The capacity fee of \$1,500 per single family equivalent unit (SFU) is based upon the **District's** estimated demand requirements for the property at the time of the initial service request. Daily flow (in gallons) for any development other than single family residential services will be based upon estimated demand requirements (domestic, irrigation and fire) specified by the **Developer** on **Gladeville Utility District's** Request for Water Service Application. The total daily flow (in gallons) for the service requested will be divided by 250 gallons (the average daily demand for a Single Family Residential unit (SFU) in **District's** System) to obtain the total number of SFUs for the development. **Gladeville Utility District's** Water Use Guide shall be used as reference for calculation of proposed development total daily demands.

18. The **Developer** will make its own determination of the amount of water usage for the proposed development as specified on the **District's** Request for Water Service Application, and the **District** is relying on these calculations of water usage in order to determine the capacity fee for the development. These calculations are not capable of being verified by the **District** and in the event that the water usage for the development exceeds the estimated and anticipated usage for more than three months, the **District** reserves the right to charge the **Developer**, or the subsequent owner of the development, an intensification charge for the additional capacity required to serve the development. Any additional charges for increased capacity will be based on the actual consumption by the development and will be charged based on the **District's** rates in effect at the time that the intensification charge accrues.

The **Developer** acknowledges that this obligation applies not just to the current **Developer**, but is a condition that applies to any subsequent owner of the development or property. The **Developer** agrees to include this intensification language in any contract for sale, or other transfer, of all or part of the development. If such language is not included, then the **Developer** who provided the original calculations of water usage agrees to and shall remain responsible of the intensification charge, even if that **Developer** no longer has an ownership interest in the property.



President



Secretary

Date Approved

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