1. INTRODUCTION

The District will provide facilities for the distribution of water within its service areas in accordance with approved land use plans and policies. Extension of a system to serve additional customers, properties, tracts, or subdivisions will normally be paid for by the individuals that are benefited.

The applicant (hereinafter "Applicant" or "Developer") for an extension is responsible for financing the entire cost of an extension. Costs include new facilities, replacement of existing system components when necessary for making the extension or improvement and upgrades to meet requirements, such as fire flow, which are associated with the applicant's project. Oversizing water system components as outlined below, however, will not be charged to the applicant. Reimbursement or credit against District charges is available in some circumstances.

New facilities, extensions, or improvements may be financed by the applicant or by the formation of a Local Utility District (LUD). In either case, water system extensions, improvements, or new facilities will be constructed in accordance with the District's Extension Policies, Technical Standards and Specifications, and Schedule of Charges and Fees.

All water facilities will be located on public rights-of-way or dedicated easements; will be transferred to the District's ownership for perpetual operation, maintenance, and service responsibilities; and will be subject to maintenance bonding requirements.

2. EXTENSION APPLICATION

2.1 Application Approval

Requests for extension or improvement of a District water system to serve newly developed and/or existing properties shall be made by applicants or their agents using the District's application format. Water main extensions within an Indian Reservation shall require the approval of the respective Indian Tribe.
2.2 District Review

Each application shall contain a legal description of the property to be served and be accompanied by three (3) copies of plans, as specified below. The District will review the proposal including location of all water lines, hydrants, and valves needed to serve the area. A Plan Review fee, as specified in the Schedule of Charges and Fees will be assessed to compensate for review services.

2.3 Conditions

The applicant will be notified of the feasibility of the service requested, conditions for construction, and any additional facilities (e.g., water source, storage, booster stations, water main upgrades etc.) that may be required as a result of the proposed extension/development. Additional special requirements such as cross connection control devices or backflow prevention assemblies shall also be specified. This process will enable an applicant to estimate more accurately, construction costs and District charges. If the applicant is also constructing houses, the District may require the owner to install meters and connection components coincidental to the installation of the main, or install the service with a meter yoke for later installation of the meter by the District. The service installation charge will be adjusted accordingly.

2.4 Extension Application / Agreement

The applicant shall provide a written preliminary proposal for an extension to the District for review. If accepted, the applicant shall then execute an Extension Agreement with the District which will specify the terms and conditions of the extension or system improvement in accordance with the District's standards. Extension agreements will be signed by the District Manager or designee.

2.5 Permits, Easements, and Approvals

All necessary permits, easements, and approvals shall be obtained by the applicant at the applicant's expense. These could include, but are not limited to, state and county road, building, health, planning, and railroad agency permits. In particular, approval is required from the Department of Health for all new water facilities. Water right permits, if required, will be obtained by the applicant and transferred to the District.

3. ADMINISTRATIVE PROCEDURES

3.1 Financing

Line extensions normally are financed by one of two methods.

Method A - Financed by the Applicant

Applicants, at their own expense, install an extension and transfer ownership to the District, under the review and approval provisions stated herein.
Method B - Formation of a Local Utility District (LUD)

An extension may be accomplished by formation of an LUD which is initiated by submittal of a proper petition by area land owners, and a determination by the District of the financial and engineering feasibility of the project. LUDs estimated to cost less than $50,000 are generally not feasible because of administrative costs. LUD assessments will be levied against benefitted properties in accordance with State Statute.

3.2 Extension Fee Deposit

For method A, at least three weeks prior to beginning construction of an extension or improvement, the applicant shall pay the District Two Hundred Fifty Dollars ($250.00) to cover the cost of the District's participation in the construction effort.

3.3 Maintenance Bond

Before the District will issue its letter of final acceptance, the Developer shall provide an executed maintenance bond for 10% of the full value of the water facilities installed. Such value shall be determined by the District in the event of a dispute. The Developer may post cash in lieu of bond, on the same terms and conditions as described herein. This bond shall:

1. Be on a District-furnished form;

2. Be signed by an approved surety (or sureties) that:
   a) Is registered with the Washington State Insurance Commissioner; and
   b) Appears on the current Authorized Insurance List in the State of Washington published by the Office of the Insurance Commissioner;

3. Be effective for two (2) years from the date of the District's letter of final acceptance.

4. a) Guarantee that the improvement will operate in conformance with the District's technical standards and specifications; and

   b) The Developer shall repair or replace any defects in said improvement, including, without limitations, defects in the design, workmanship or materials; and

   c) The Developer shall pay in full all persons who supplied labor, materials or equipment for the construction of the improvement or repairs thereto; and

   d) The Developer shall pay any claimant who has suffered injury or damage arising out of the improvement or construction or repair thereto; and
e) The Developer shall comply with the terms and conditions of the District-Developer water main extension agreement; and

f) Any corrections or payments required shall be commenced or made within seven calendar days of verbal or written notification by the District and the corrections completed within thirty (30) days of the date of such notification.

If the work is not performed within such time, the District shall have the right, without recourse to legal action, to have said work performed, at the expense of the Developer or the Surety.

In the event the District reasonably believes it is necessary for its personnel or agents to perform emergency corrections, the Developer and Surety further agree to promptly reimburse the District for the cost of said work.

If at any time during the two year period, the bond or cash in lieu of bond is used for payments, the Developer shall within two days of such payment, reinstate the value of the bond or cash in lieu of bond to an amount equal to 10% of the full value of the water facilities installed.

The District may require sureties or surety companies on the bond to appear and qualify themselves. Whenever the District deems the surety or sureties to be inadequate, it may, upon written demand, require the Developer to furnish additional surety to cover any remaining work.

3.4 Extension Charges

Except when an LUD is formed, each lot or service connection included in an extension will be assessed a Service Installation Charge (if the District installs the meter/service connection), and a System Development Charge. All fees and charges are due in full, less any credits, before water will be made available and before water availability letters will be issued.

A System Development Charge is assessed to compensate for costs the District and its customers have paid for the existing system and for new facilities and system upgrades required to support the addition of new customers. The System Development Charge is based on the demand a service will place on the water system. Like many water systems across the country, the District has adopted the Equivalent Residential Unit (ERU) method for assessing the demand a given service will place on a system and consequently that service's share in paying for system capital facilities. The District will make a determination of the ERU usage that the associated services will require. Section 4, The Schedule of Charges and Fees, contains additional information on System Development Charges and ERUs. For extensions that include adding source and/or storage facilities (e.g., reservoir, well) or when over-sizing for future requirements, an addendum to the Extension Agreement will be executed which specifies the District's contribution or credit which will be granted to offset System Development Charges.
3.5 LUDs and Assessments

For an LUD, each property included will pay an assessment set by the LUD process. In cases where the properties included in the LUD are not currently customers of a District system and the assessment is less than the System Development Charge, the owner will pay the System Development Charge in lieu of the assessment. A portion of the System Development Charge will be used to pay the LUD assessment for such properties. Service Installation Fees will be paid if applicable. Customers subsequently added to a system or section of a system which was paid for by forming an LUD, will pay the higher of the two charges (LUD assessment vs System Development Charge) plus appropriate service installation fees. Customers added after limits in the LUD agreement have been reached (e.g., time expired, specified number of services added, etc.) will be assessed standard District Charges and Fees.

3.6 Reimbursements (Paybacks)

If a new water main which is constructed as an extension is capable of serving properties between the existing system and the applicant's new service(s), the District will enter into a reimbursement or payback agreement with the applicant. The agreement usually will include a reimbursement for new services on both sides of a road or street as they connect to the extended main section which was paid for by the applicant. The amount of reimbursement normally will be based on the front footage of the property connecting to the extension and the PUD established front footage rate.

For example:

If an applicant had to extend a water main past an adjoining vacant lot with 100 ft. of front footage to get service, when a service connection is installed on that lot in the future, the applicant would receive a reimbursement of 100 times one-half the front footage rate (e.g. at $25.00/ft. allowed cost, payback would be $1250). If there were a second vacant lot across the street that had 200 feet of front footage and it was directly across from the extension (i.e. the first lot and the applicant's lot), a reimbursement of 200 times one-half the front footage rate (or $2500) would be made when service was eventually installed on the second lot.

PUD front footage rate will be based on current main extensions of the same size and will be set by the PUD Schedule of Charges and Fees.

Reimbursements will normally be paid for a period of ten years from the time the extension is accepted by the district. The applicant shall record the reimbursement agreement with the Jefferson County Auditor.

*When a parcel abuts more than one water line the late comer will be calculated on a proportional basis between the separate water lines.*
3.7 Extension Lengths

In order to facilitate further extension of a system in directions where future development may continue, applicants for extensions/improvements normally will be required to extend water mains along all boundaries of their property adjacent to a street or road along which water line extension may continue. In some circumstances, the applicant will be required to install water main across the street or road from their property.

3.8 Over-Sizing and Replacement

In order to provide capacity for future customers or improve existing service on an economical basis, the District may require over-sizing or replacement of existing facilities in conjunction with construction of an extension or improvement. If the District mandates over-sizing or replacement to accommodate needs not associated with the applicant's project, the District will normally absorb the associated costs or find alternate financing. The District may not be in a position financially to support over-sizing or replacing facilities at the time an applicant desires to initiate a construction project. If the District determines that it cannot provide financing for over-sizing or replacement until a future date, an applicant for an extension or improvement may elect to initially finance required over-sizing and/or replacement and execute a pay back agreement with the District for future reimbursement (eg. when future customers are added). The following guidelines will normally apply when over-sizing or replacement is involved with an extension or improvement:

Upon receiving an application for an extension or an improvement, the District will determine if over-sizing of proposed facilities or replacement of existing facilities, though not required for the new services, is best accomplished in conjunction with construction of the extension. The District's Water System Plan, the County Growth Management Plan, and existing system deficiencies will be the primary factors in making this determination.

If over-sizing or replacement is required, an engineer's estimate will be made of the additional cost associated with the over-sizing and/or replacement. Depending on the cost to the District, public bidding may be required to permit District participation. If over-sizing or replacement is required, compensation arrangements will be included in the Extension agreement.

The amount of reimbursement for over-sizing will be based on the following:

Mains: For pipes up to 4 inches larger in diameter than the District's design standard for the applicant's development/lot - reimbursable costs will consist of material cost differences for pipe, valves, and fittings. Material invoices must be submitted to the District prior to acceptance of the project.

For pipes greater than 4 inches larger in diameter than the District's design standard required to serve the applicant's development/lot - reimbursable costs will include increased material and construction costs (eg. cost differentials for larger components, increased excavation, special bedding, testing, cleaning, etc.)
Other Facilities: Cost differential evaluations for providing larger, or replacement facilities will be conducted on a case by case basis and subject to negotiations between the District and the applicant.

Excluded Costs - Examples of costs that are specifically excluded from consideration include but are not limited to:

- The cost of public bidding and preparation of documents for public bidding.
- The engineering costs associated with new facilities, over-sizing or replacement.
- Costs incurred in financing, bonding, or providing insurance for construction of oversized or replaced facilities.

The amount and general timing of reimbursement will be mutually agreed upon between the District and the applicant and included in the extension Agreement. The methodology of payment will be selected by the District at its sole discretion normally from one of the following options:

- Payment to the applicant upon acceptance of the extension/improvement.
- Credit against funds otherwise owed by the applicant to the District.
- Distribution of credit to parcels of land associated with the extension or improvement which could be used against fees owed to the District.
- Deferred to the future for payment in lump sum or by installment.
- A combination of the above.

3.9 Evidence of Insurance

Developer shall comply with the insurance requirements of the APWA supplement to section 1-07.18 of the most current Standards Specifications for Road, Bridge, and Municipal Construction of the Washington State Department of Transportation and the American Public Works Association/Washington State Chapter ("APWA supplement"). For the APWA supplement substitute "Developer" for Contractor and "District" for the contracting agency.

Note that the APWA supplement includes, but is not limited to, the following:

Before work on the water system extension may begin, the Developer must submit to the District for the District's approval, a certificate of insurance in accordance with the APWA supplement requirements. The insurance may be obtained by the Developer's Contractor. The insurance shall be maintained during the life of the project. Also, the policy of insurance shall specifically name the District as an additional insured. Furthermore, the District shall be given twenty (20) days prior written notice of any cancellation, reduction, or modification of the insurance.
Moreover, the insurance required herein shall contain the following provision:

The coverage provided by this policy are primary to any insurance maintained by the Public Utility District No. 1 of Jefferson County.

Nothing contained in these insurance requirements is to be construed as limiting the extent of the Developer's responsibility for payments of damages, injury or loss resulting from the Developer's operations under this agreement. The Developer shall not be relieved from liability imposed by this agreement in excess of such coverage.

In the event the Developer is required to perform work on the premises after the project has been accepted, the Developer shall obtain at its own expense, and prior to commencement of any work, full insurance in accordance with the requirements herein.

3.10 Indemnity, Defend, and Hold Harmless

The Developer shall indemnify, defend, and save harmless the District, its commissioners, officers and employees from and against any and all liability, demands, claims, suits, actions and judgments arising from, resulting from, connected with, or occasioned through the performance of this agreement or the construction of the extension or in consequence of any negligence regarding the construction, or the use of any improper materials in the work, by the Developer or its agents or persons working directly or indirectly for the Developer or its agents to the fullest extent permitted by law and subject to the limitations herein.

The Developer's duty to indemnify, defend and save harmless shall include, but not be limited to, liability, demands, claims, suits, actions and judgments for body injuries or death to persons or damage to property, including loss of use resulting there from. However, the Developer will not be required to indemnify, defend, or save harmless the indemnities if the liability, demand, claims, suits, action or judgment for personal injuries, death or property damage is caused by the sole negligence of the indemnities.

The Developer's duty to indemnify, defend, and save harmless shall apply to any and all claims of damage or infringement for or on account of any patent in fulfilling this agreement.

The Developer specifically and expressly waives any immunity that may be granted under the Washington State Industrial Act, Title 51 RCW. Provided, however, the Developer's waiver of immunity by the provisions of this agreement extend only to claims against the Developer by the District and does not include or extend to any claims by the Developer's employees directly against the Developer.

The Developer's duty to indemnify, defend, and save harmless shall not be limited in any way by any limitation on the amounts or type of damages, compensation or benefits payable to or for any person or party under any insurance policy or Worker's Compensation Acts, Disability Benefits Acts or other employee's Benefits Acts.

The Developer shall, at the District's request furnish satisfactory evidence that all obligations of the nature described herein have been paid, discharged or waived.
The Developer's duty to indemnify, defend, and save harmless shall include, but is not limited to, any and all expenses, costs, damages, losses, owner's personnel-related costs, reasonable attorney's fees, expert witness fees, engineering, architectural and other services fees, Court costs and other claim-related expenses.

3.11 Easements and Bill of Sale

The applicant shall obtain and convey all necessary easements to the District and a Bill of Sale transferring the ownership of all installed water mains and facilities to the District. The Bill of Sale shall describe lengths and sizes of water mains, and the location in general terms, including the name of the plat if applicable.

3.12 District Access

During the period of construction, applicants and their contractors will provide access to District personnel (including personnel on contract to the District) as necessary, to ensure compliance with District requirements.

3.13 Final Acceptance

Upon completion of construction, applicants or their contractors, shall notify the District and request a final inspection for approval of the project. If the water main has been installed according to the approved plans and specifications, pressure and bacteriological tests have been passed, and all extension policy conditions have been fully satisfied, the District will issue a Letter of Final Acceptance of the main extension. The date of the letter will begin the period of warranty. The final acceptance shall not constitute acceptance of any unpaid for, unauthorized, defective, omitted, or non-conforming work or materials. Final acceptance shall not prevent the District from requiring the applicant to pay for, remove, replace, dispose, or add work or materials or prevent the District from recovering damages for any such work or materials or lack thereof.

4. DESIGN

4.1 Plans

Water extension plans shall be prepared and stamped by a professional engineer licensed in the State of Washington.

4.2 Records and Plans for the District

Four (4) sets of detailed plans and specifications shall be submitted by the applicant to the District for review and approval. The maps will be drawn to scale and show the properties to be served, lot lines, plat boundaries, rights-of-way, dedicated easements, location of proposed water system facilities to support the extension/improvement and other items specified by the District.
Any deviations from originally approved plans and specifications shall be approved by the District in writing and recorded. Upon completion of the project, two (2) set of revised as-built drawings and specifications shall be provided to the District at the applicants expense. As-built plans must show all new water facilities and related appurtenances which, at a minimum, shall include the locations of all mains, valves, hydrants, and fittings giving sizes and types of each. The drawings shall show the exact location of water mains including distances of mains from property lines. The applicant shall make every reasonable effort to assist the District in acquiring all necessary information for as-built records.

4.3 Plan Approval

All water line extensions shall be designed and installed in accordance with the District's Technical Standards and Specifications. In addition, plans and specifications for system extensions must be approved in accordance with the requirements of the Department of Health. Further, if fire flow is required, the plan must be approved by the County Fire Marshal. In all cases where a County road right-of-way will be used for mains or other improvements, the County Road Department must approve the plan.

4.4 Fire Hydrants

Water line extensions shall include fire hydrants, if required by District Standards and Specifications or if not, be designed to permit placement of fire hydrants in accordance with Jefferson County Coordinated Water System Plan, unless a modification is authorized by the County Fire Marshal.

4.5 Contractor

All main extensions shall be installed by a qualified contractor approved by the District.

5. GENERAL CONSTRUCTION PROCEDURES

5.1 Standards

Construction practices shall be in accordance with the District's latest Technical Standards and Specifications (Section XI).

5.2 Pre-Construction Conference

The District will schedule a pre-construction conference with the applicant and/or contractor after the extension fee has been paid. The contractor shall submit a materials list and a safety and traffic control plan, if needed, for approval before or during this meeting.

5.3 Materials List

In accordance with the District's Technical Standards and Specifications, applicants or their contractor shall submit a list of all brands, sizes, types, grades, and standard materials to be used. The District may reject certain brands and will provide approval, disapproval and/or comment by letter.
5.4 Deviations

The approved Extension Agreement construction plans and District Technical Standards and Specifications shall be followed. No deviations will be allowed without request for change and approval in writing from the District manager or designee. The District reserves the right to order changes. The applicant shall be notified in writing of any changes.

5.5 Inspection and Sanitation Requirements

District inspection, sanitation, main testing and flushing, and disinfection requirements are specified in Section XI -Technical Standards and Specifications.

5.6 Final Connection and Acceptance

Final acceptance by the District will not be completed until all new mains have been satisfactorily inspected and tested and the applicant has complied with all other terms and conditions stated herein and in the Application and Technical Standards and Specifications. Taps from existing mains to new extensions must be made by the District or under direct supervision of designated District personnel.