

Article 210 Improvement District Formation Procedures

Sec. 210.1 Purpose. The Board may, when deemed necessary, incur a bonded indebtedness for the acquisition, construction, completion or repair of any or all improvements for a specific district.

Sec. 210.2 Initial Procedure. Parties interested in forming an improvement district shall submit a preliminary map to the District showing ownership of those interested in bringing water or sewage to their properties. The General Manager shall then develop a preliminary study showing the design criteria for service in the area that might be benefitted. The General Manager shall arrange a meeting with interested parties of properties naturally served by such a district. At the meeting, the General Counsel, District Engineer and General Manager shall outline the necessary procedures for developing and forming the improvement district. At his or some subsequent meeting, the interested parties shall elect a general agent through which the District will deal exclusively, and shall submit a deposit in the amount determined by the Board at that time. This deposit will be refunded to the owners upon receipt of the monies from the bond sales. Upon receipt of the necessary deposits, the General Manager shall submit to the Board his recommendations for boundaries and a proposed system.

Sec. 210.3 Formation. Upon approval by the Board of the proposed improvement district, maps and legal descriptions of the District will be submitted to the appropriate government agencies for their approval. Upon receipt of approval, the Board shall then call an election. Procedures will follow the general election rules. The Board shall then call for the bids on the bonds and construction items required if the project is approved and the improvement district formed.

Sec. 210.4 Improvement District Annexation Procedures (Previously Article 250)

(a) Purpose. It is the general policy of the District to encourage the orderly development of its water distribution system to assist in serving water to the greatest number of its inhabitants.

From time to time, property located in the general district may best be served water from an Improvement District water distribution system. It is the general policy of the District to require annexation to an improvement district prior to such water service.

(b) Preliminary Cooperation. District's Engineering staff shall be available to landowners and others without charge for the purpose of discussing the feasibility of any particular development or project, and in general terms, the most efficient means for serving water to the property in question.

Per Ordinance No. 2012-04 Adopted 5/21/12 [Sec. 210.2]

Per Ordinance No. 2012-04 Adopted 5/21/12 [Sec. 210.4]

(c) Initiation. Whenever a landowner(s) or other person(s) desires to utilize improvement district facilities to serve water to property located in the general district, the following shall be accomplished.

1. Landowner, or other person, shall pay a fee (as determined by the Board at that time) and request in writing that the District Engineering staff complete a preliminary feasibility study which shall indicate from what source the property can best be served and in general terms the type of facilities that would be required by the District, including cost estimates. All the costs of facility improvements required to adequately serve the land being annexed will be borne by the developers.

The following District fees and charges shall be identified in the feasibility study and are the sole responsibility of the interested parties:

- A. Administrative costs will be paid in full by the applicant.
- B. Actual back taxes and water availability charges (charges) will be computed from historical assessed values if the applicant can provide documentation; otherwise, current assessed value will be used to compute back taxes. The District Engineer will provide a present worth analysis of these charges using the weighted average prime interest rate since the formation of the improvement district, increased to the next tenth of a percentage point.
- C. The charges calculated in paragraph 2 will be reduced in the final years of the repayment of the improvement district bond as follows:

9 years remaining - 90% of charges due
8 years remaining - 80% of charges due
7 years remaining - 70% of charges due
6 years remaining - 60% of charges due
5 years remaining - 50% of charges due
4 years remaining - 40% of charges due
3 years remaining - 30% of charges due
2 years remaining - 20% of charges due
1 year remaining - 10% of charges due

(c) Initiation (Continued)

- D. If the annexing property creates an adverse pressure or capacity condition, the water District may require additional funds to offset the cost of required facilities.

This information shall be forwarded to the interested parties indicating an administrative fee (as determined by the Board at that time) must be deposited with the District prior to any further processing. The administrative fee is for preparation of legal descriptions, plats, required fees and staff processing time.

2. Upon receipt of the administrative fee deposit and an agreement to pay any fees and charges in excess of the estimate, the annexation request shall be submitted to the Board of Directors for approval. Upon Board approval, the remaining District estimated fees shall become due and payable immediately.
3. Once all fees and charges have been collected, the annexation will be processed and the necessary improvements will be constructed. Should the fees and charges collected be inadequate to complete the project, the applicant shall be billed as necessary and promptly remit the required sums. Should funds remain after the completion of the project, a refund will be made to the applicant.

- (d) Service Without Annexation. If the Board determines that it is in the interest of the District to utilize facilities of an improvement district to supply water service to property outside of the improvement district without annexation, the Board may authorize such service with the following conditions:

1. Meter size is limited to 3/4".
2. The property is not and shall not be divided.
3. Payment by the landowner of the following fees and charges in lieu of annexation:
 - A. An in lieu fee calculated by multiplying the current assessed valuation of the property by the improvement district's current tax rate multiplied by the number of years remaining for the improvement district's bonds to be paid in full.
 - B. A water availability fee equal to the improvement district's current water availability charge multiplied by the number of years remaining for the improvement district's bonds to be paid in full.

Article 210 Improvement District Formation Procedures (Cont'd.)

Sec. 210.4 Improvement District Annexation Procedures (Cont'd.)

(d) Service Without Annexation (Cont'd.)

In addition, the landowner shall pay such other meter charges and fees of the District which may be applicable and may be required to construct such facilities as District deems necessary to receive such service.

The in lieu fee and availability charge shall be utilized by the District to pay the principal and interest on the bonds of the improvement district. If the property is subsequently annexed to the improvement district, the in lieu fee and availability charge shall be credited against the amounts that would otherwise be due and owing for such annexation. The District may require annexation as a condition to any increase or expansion service to the property beyond that approved by the District at the time that utilization of the improvement district's facilities was authorized without annexation.