

# **Agenda**

## **Sacramento Suburban Water District Finance and Audit Committee**

3701 Marconi Avenue, Suite 100  
Sacramento, CA 95821

Thursday, May 21, 2020  
4:00 p.m.

**In accordance with the California Department of Public Health's and the Governor's Executive Orders N-29-20 and N-33-20, the District's boardroom is closed and this meeting will take place solely by videoconference and teleconference. The public is invited to listen, observe, and provide comments during the meeting by either method provided for below. The Chairperson will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call.**

**For members of the public interested in viewing and having the ability to comment at the public meeting via Zoom, an internet enabled computer equipped with a microphone and speaker or a mobile device with a data plan is required. Use of a webcam is optional. You also may call in to the meeting using teleconference without video. Please use the following login information for videoconferencing or teleconferencing:**

**Join the meeting from a computer, tablet or smartphone:**

<https://us02web.zoom.us/j/89821322450?pwd=ZVJVVXN4ZDRCaDlvaTk2K2FJQzU4UT09>

**Meeting ID: 898 2132 2450**

**Password: 999331**

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**Please mute your line.**

Where appropriate or deemed necessary, the Committee may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District's Administrative Office at the address listed above.

The public may address the Committee concerning an agenda item either before or during the Committee's consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to the General Manager. The President will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 916.679.3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

**Call to Order**

**Roll Call**

**Announcements**

**Public Comment**

This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Committee. Comments are limited to 3 minutes.

**Consent Items**

The committee will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any member of the Committee, staff or interested person requests that an item be removed from the Consent Items, it will be considered with the action items.

- 1. Minutes of the April 16, 2020 Finance and Audit Committee Meeting**  
*Recommendation: Approve subject minutes.*

**Items for Discussion and/or Action**

- 2. Review and Approve Request for Proposal for Audit Services**  
*Recommendation: Approve subject Request for Proposal.*
  
- 3. Annual Update Process for FDC's**  
*Director of Finance and Administration, Jeff Ott, would like to discuss with committee changing the annual method of updating FDC's to follow the charge model used for the last rate study. This would require a modification of Regulation #7.*

**Adjournment**

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**Upcoming Meetings:**

Monday, June 1, 2020, at 5:00 p.m., SSWD/DPMWD 2x2 Ad Hoc Committee  
Monday, June 15, 2020, at 6:00 p.m., Regular Board Meeting

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I certify that the foregoing agenda for the May 21, 2020 meeting of the Sacramento Suburban Water District Finance and Audit Committee was posted by May 18, 2020 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was made available to the public during normal business hours.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District

Agenda Item 1

Minutes

Sacramento Suburban Water District  
Finance and Audit Committee  
Thursday, April 16, 2020

Location:

Video and Audio Conference Only at 1-669-900-6833, or Zoom at Meeting Id #151 563 336

Call to Order – Videoconference/Audioconference Meeting

Chair Thomas called the meeting to order at 4:03 p.m.

Roll Call

Directors Present: Kevin Thomas and Robert Wichert.

Directors Absent: None.

Staff Present: General Manager Dan York, Director of Finance and Administration Jeff Ott, Assistant General Manager Mike Huot, Dan Bills, Heather Hernandez-Fort, and Lynn Pham.

Public Present: Kathleen McPherson, Craig Locke, Ingrid Shepline and Heidi McLucas of Richardson & Company, CPAs.

Announcements

None.

Public Comment

None.

Consent Items

1. Minutes of the February 18, 2020 Finance and Audit Committee Meeting

Chair Thomas approved Item 1.

AYES:	Thomas.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Items for Discussion and/or Action

2. 2019 Comprehensive Annual Financial Report and Annual Audit Results

Jeff Ott (Mr. Ott) presented the staff report and introduced Ingrid Shepline (Ms. Shepline) of Richardson & Company, CPAs. Ms. Shepline presented the 2019 Comprehensive Annual Financial Report.

Ms. Sheipline answered several clarifying questions.

The Committee recommended presenting the 2019 Comprehensive Annual Financial Report and Annual Audit Results to the full Board with a recommendation of approval.

**3. Schedule Future Finance and Audit Committee Meeting to Review and Approve Request For Proposal for Audit Services**

Mr. Ott presented the staff report.

The Committee agreed to hold the next Finance and Audit Committee meeting on Thursday, May 21, 2020, at 4:00 p.m.

**Adjournment**

Chair Thomas adjourned the meeting at 5:02 p.m.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District



## Agenda Item: 2

**Date:** May 12, 2020

**Subject:** Review and Approve Request for Proposal for Audit Services

**Staff Contact:** Jeffery S. Ott, Director of Finance and Administration

**Recommended Committee Action:**

Review and approve Request for Proposal (RFP) for Professional Audit Services and the accompanying list of firms to send the RFP. Establish the date for Finance and Audit (F&A) Committee review and selection of finalist proposal.

**Background:**

As set forth in the F&A Committee Mission Statement and Charter, the Finance and Audit Committee is responsible for recommending the District’s auditor to the full Board of Directors (Board) for appointment and compensation, and administering the relationship between the District and auditor during the course of the audit. District Policy PL – Fin 001 Engagement of Auditor Policy, Section 500.00 specifies that the District will seek proposals from potential auditors no greater than every six (6) years. Calendar year 2019 is the sixth consecutive year that Richardson & Company, LLP has performed the District’s annual audit.

**Discussion:**

Staff prepared an RFP for the selection of an auditor to provide audit services to the District. In addition, staff have updated the list of audit firms who have indicated an interest in providing audit services to the District for inclusion in this RFP’s distribution. This meeting will be utilized to allow the F&A Committee to review and approve the RFP and list of potential firms.

The following table lists the key dates in the RFP:

<b>Time Table – Summary</b>	
Distribution of RFP	May 25, 2020
Deadline for submission of questions	June 5, 2020; 4:00 pm DST
Posting of answers to questions	June 10, 2020
<b>Proposal submission date</b>	<b>June 24, 2020; 4:00 pm DST</b>
Proposal review complete	July 24, 2020
Notification to all proposers	Week of July 27, 2020
Oral presentations, if necessary	Week of August 3, 2020
Finance and Audit Committee approval	Week of August 10, 2020
Board approval	August 17, 2020
Notification of selected firm	August 19, 2020
Expected signing of contract	August 31, 2020

## Review and Approve Request for Proposal for Audit Services

May 12, 2020

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Staff will review the RFPs and narrow the firm's down to a reasonable number, with the F&A Committee making the final selection to present to the full Board for approval, no later than the August regular Board meeting.

### **Fiscal Impact:**

While staff does not know the cost of the proposals at this time, last year's audit engagement had a fee of \$48,200 – per Audit Engagement Letter with Richardson & Company, LLP - \$41,550 for the audit and \$6,650 for the Board requested additional procedures.

### **Strategic Plan Alignment:**

Goal C: Ensure Fiscal Responsibility and Affordable Rates

To select an independent auditor to provide the District with unqualified audit opinions. The annual financial report is a benefit to District customers as it demonstrates the District's commitment to financial integrity and transparency.

### **Attachments:**

- 1 – Request for Proposal Professional Audit Services
- 2 – List of Potential Firms



## **REQUEST FOR PROPOSAL**

### Professional Auditing Services

May 2020

Sacramento Suburban Water District  
3701 Marconi Avenue, Suite 100  
Sacramento, CA 95821-5346  
(916) 972-7171  
FAX: (916) 972-7639



## **I. PURPOSE**

The Sacramento Suburban Water District (“District”) is requesting proposals (RFPs) from qualified certified public accounting firms to audit its annual financial statements (a component of the District’s comprehensive annual financial report or CAFR) for up to five years beginning with the calendar year ending December 31, 2020. The District is looking for a committed and qualified firm that has demonstrated experience with governmental audits as applied to the water industry and proprietary fund groups. Further, due to the District’s debt structure, the depth of understanding of the firm and its demonstrated experience with derivative financial instrument accounting, reporting and disclosures is paramount to the success of the audit.

## **II. DISTRICT BACKGROUND**

### **District Background**

The District was formed on February 1, 2002 under the State of California’s County Water District Law by the consolidation of the Northridge Water District and the Arcade Water District. The consolidation was approved and ordered by the Sacramento County Local Agency Formation Commission. The District is located in northern Sacramento County, California and includes portions of the unincorporated area of Sacramento County, including Antelope, Arden-Arcade, Carmichael, Foothill Farms, and North Highlands; small portions of the cities of Sacramento and Citrus Heights; and all of McClellan Business Park (formerly McClellan Air Force Base). The District, which serves water to approximately 182,500 people, generally is divided in two service areas. The North Service Area is comprised mainly of the former Northridge Water District’s territory, the Arcade Water District’s North Highlands service area and McClellan Business Park. The South Service Area is comprised mainly of the former Arcade Water District’s Town and Country territory.

The District is governed by a 5-member board of directors, each of which is elected to four-year terms from geographical divisions by the registered voters residing in each division of the District. The terms of the Directors are staggered, with the Directors from Divisions 1 and 2 elected at the same Statewide general election and the Directors from Divisions 3, 4 and 5 elected at the general election two years later.

The District’s service area covers approximately 36 square miles (23,032 acres of land). The District’s territory is substantially built out. Based on the State’s Department of Water Resources Population Tool projections, the District’s population is expected to be 190,700 in 2031, when the District is expected to be fully built out having 50,250 connections. Other than residential and commercial in-fill projects, and industrial and commercial development at the McClellan Business Park, the District does not expect significant additional development within its territory.

The water supply of the District is a combination of both surface water and groundwater. Historically, the District had used groundwater as its water supply source; however, in 1997, the District initiated a conjunctive use program, supplementing its groundwater supply with surface water to address the declining groundwater table using in-lieu recharge. The District has made

significant investments to put surface water supply and conjunctive use facilities in place, and as a result of these investments, groundwater levels have stabilized or improved.

The District's annual revenues come primarily from water sales. Operating revenues segregate water sales into two components used by the District in setting its water rate structure: consumption charges and service charges. In addition, the District receives operating revenues from treated water passed through its conveyance system to neighboring water districts as well as from fees charged for various District services. Periodically, the District also receives operating revenue from water transfer sales.

The District continues to be in a period of transition as water meters are installed on unmetered residential connections and customers are gradually converted from flat rate accounts to metered rate accounts. Presently, 95 percent of the District is metered, with all connections expected to be fully metered before the year 2025. Current flat rate accounts include a "variable" charge based on parcel size, which is intended to reflect an estimate of water consumption for irrigation purposes. The fixed portion of the charge, based on connection size, reflects the estimated fixed costs of service and a charge to cover pay-as-you-go capital improvements and debt service charges. The District offers a water meter and metered billing to any flat-rate customer on request.

Current residential metered rates include a fixed charge (base service, capital facilities and debt service charges) based on connection size plus two-tier water consumption rates. The tier structure includes 15 cubic feet (CCF) per month at a lower initial rate and with water consumption in excess of 15 CCF at a higher rate. Non-residential customers are subject to a fixed charge based on connection size and a single variable rate based on consumption. All non-residential customers are on metered accounts.

The District's other sources of revenue come from state and federal capital grants, developer contributions and investment income.

The District provides to its employees a defined benefit pension plan that is administered by CalPERS. In addition, eligible employees are provided with defined benefit OPEB administered by CalPERS.

### **Prior Auditors**

Richardson & Company, LLP served as the District's auditors from 2014 through 2019. Prior to that time, the District's auditors were Gilbert Associates, Inc. from 2009 to 2013, Charles Z. Fedak & Company for the years 2007 and 2008 and Richardson & Company, LLP from 2002 to 2006.

### III. SCOPE OF WORK

The selected auditor will be required to provide the following services: **(Note: this may not be a complete list of all services required to complete the annual audit. The auditor is expected to provide a more detailed scope of work with their RFP.)**

- a. Audit the District's basic financial statements in accordance with Generally Accepted Auditing Standards (GAAS) in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts.
- b. Express an opinion on the financial statements as to whether they present fairly, in all material respects, the financial position of the District and the changes in financial position and cash flows in conformity with generally accepted accounting principles (GAAP), and issue an independent auditors' report stating this opinion.
- c. Test internal controls over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, in accordance with Government Auditing Standards and those issue by the Comptroller General of the United States, and issue an independent auditors' report on their consideration.
- d. Apply limited procedures related to the Required Supplementary Information (RSI), Management's Discussion and Analysis (MD&A) and the additional Supplementary Information contained in the CAFR, which is prepared by District staff.
- e. Perform additional procedures by expanding the scope of your expense testing to include additional sample sizes for general cash disbursements, payroll disbursements, wire and ACH transfers, petty cash, and purchasing card payments. This testing will include verifying payments to District employees and Board members on a sample basis. Payment verification will include verifying the pay rates for at least one period of senior management, finance staff, anyone involved in the payroll processing function and a sample of 10 other employees.
- f. Prepare a "Single Audit" Report and issue a related audit opinion, if necessary, for federal grant monies received and expenses made.
- g. Prepare a Report to the Board of Directors which identifies significant audit findings, difficulties encountered in performing the audit, identify any corrected and uncorrected misstatements, disagreements with management, management representations, control deficiencies, significant deficiencies and material weaknesses, if any, and your recommendations for improvements in accounting and administrative controls.

- h. Present and discuss the results of the audit and the annual financial statements to the Finance and Audit Committee of the Board in early April and the full Board of Directors during its regularly scheduled April meeting.
- i. Communicate immediately and in writing all irregularities and illegal acts, or indications of illegal acts, of which the auditor becomes aware, to the appropriate level of management and/or Directors of the District.
- j. Provide general consultation as required, during the year, on financial accounting and reporting matters.
- k. Retain at auditor's expense audit working papers for three (3) years, unless the firm is notified in writing by the District of the need to extend the retention period. In addition, the firm shall respond to reasonable inquiries of the District and successor auditors and allow the District and successor auditors to review working papers relating to matters of continuing accounting significance.

**IV. TIMING AND OTHER REQUIREMENTS**

**1. Key Dates for Proposal Evaluation and Selection:**

<b>Time Table – Summary</b>	
Distribution of RFP	May 25, 2020
Deadline for submission of questions	June 5, 2020; 4:00 pm DST
Posting of answers to questions	June 10, 2020
<b>Proposal submission date</b>	<b>June 24, 2020; 4:00 pm DST</b>
Proposal review	July 24, 2020
Notification to all proposers	Week of July 27, 2020
Oral presentations, if necessary	Week of August 3, 2020
Finance and Audit Committee approval	Week of August 10, 2020
Board approval	August 17, 2020
Notification of selected firm	August 19, 2020
Expected signing of contract	August 31, 2020

Details of the timing of the proposal process are as follows:

- a. **Distribution of RFPs:** May 25, 2020.
- b. **Questions:** Inquiries concerning this RFP should be addressed to Jeff Ott, Director of Finance and Administration, at [jott@sswd.org](mailto:jott@sswd.org) on or before June 5, 2020, 4:00 pm DST. A copy of the District's most recent audited financial statements and the Board adopted 2020 budgets are available on the District's website at [www.sswd.org](http://www.sswd.org), click Departments, then Finance.
- c. **Posting of Answers:** Posting of all answers to questions received will be made on or before June 10, 2020, by email and on the District's website – [www.sswd.org](http://www.sswd.org).

- d. **Proposal submission:** Proposals must be received by **4:00 pm on June 24, 2020** via mail or email in PDF format to the following address:

**Mailing address:**

**Sacramento Suburban Water District  
Attn: Director of Finance and Administration  
3701 Marconi Avenue, Suite 100  
Sacramento, CA 95821**

**Email:** [jott@sswd.org](mailto:jott@sswd.org)

A confirmation of receipt email will be sent to all firms who submit an RFP response. Late submissions after the deadline or proposals delivered via fax will not be accepted. For hard copy submission, a total of six (1 original and 5 copies) labeled "AUDIT SERVICES PROPOSAL" are requested.

- e. **Proposal review:** The Finance and Audit Committee of the Board and District senior management will constitute the review committee. The committee will evaluate each proposal submitted. It is anticipated that the review process will be completed by July 24, 2020.
- f. **Notification to all proposers:** The District anticipates sending written notification to all proposers regarding the outcome of the review process by July 31, 2020.
- g. **Oral presentations, if necessary:** Included with the notification to all proposers, the selected finalists will be informed if the review committee feels oral presentations will be necessary. Oral presentations will take place at the District's Administrative Office at 3701 Marconi Avenue, Suite 100, during the week of August 3, 2020.
- h. **Notification of selected firm:** The review committee is expected to select the audit firm the week of August 10, 2020 with full approval provided by the Board of Directors on August 17, 2020. All finalists will be notified of the final decision by August 19, 2020. Upon written request, the District will provide an electronic copy of the winning proposal once the contract is executed.
- i. **Contract term:** The Audit Services contract will become effective upon the execution of the contract for one (1) year with the option to extend the contract for up to four (4) additional one-year periods, at the District's sole discretion.

The District will make every effort to administer the proposal process in accordance with the terms and dates discussed in this RFP. However, the District reserves the right to modify the proposal process and dates as deemed necessary, and reserves the right to not award a contract. The District assumes no obligation for any costs incurred by any

proposer in preparing the response to this request, attending an interview, or any other activity prior to awarding the contract to the selected firm.

**2. Schedule for Calendar Year 2020 Audit:**

- a. The auditor shall provide the District with an audit plan plus a list of schedules and other work requested for the interim audit no later than December 1, 2020.
- b. District facilities and staff will be available for inventory testing on January 6, 2021 and interim field work the week of February 1, 2021.
- c. The auditor shall provide the District with a list of schedules and other work requested for year-end field work at the end of the interim audit.
- d. The District expects to have the CAFR, all records, prepared by client lists and other schedules ready for the year-end audit by March 15, 2021. Accordingly, District facilities and staff will be available for year-end field work to begin after that date.
- e. The auditor shall complete field work in time to allow for preparation and discussion of the audit results, draft CAFR and Single Audit, if necessary, with the Finance and Audit Committee by May 3, 2021.
- f. A draft of the required communication letter(s) shall also be provided by April 28, 2021. District staff shall have the opportunity to discuss and comment upon any findings and recommendations noted in the required communication letter(s) prior to April 28, 2021.
- g. Final CAFR, Single Audit, if necessary, and required communication letter(s) will be presented by the auditor and District staff to the Board of Directors at its May 17, 2021 meeting. After Board acceptance, the District will make bound and electronic copies for distribution to Directors, the public, other interested parties, regulatory agencies, and made available in electronic format on the District's website.

A similar schedule will be developed for audits in subsequent calendar years.

**3. Assistance Provided to the Auditor**

Finance Department staff will be available during interim and audit field work to assist the firm by providing access and direction to information, documentation, and be available for explanations of all inquiries. District staff will provide clerical assistance for preparation of confirmations and other routine correspondence. The District will be responsible for the preparation of the CAFR and all its components with the exception of the audit opinion(s). The auditor will be responsible for the Single Audit report and all of its contents.

The District will provide the auditors with reasonable and secure workspace, phone, wireless internet and copy machine access.

#### **4. Additional Services**

If it should become necessary for the District to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the District and the auditor. Any such additional work agreed to between the District and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the Proposal Data Sheet and the contents of the Technical Proposal. An example of such services would be review work necessary to consent to the inclusion of the CAFR to accompany debt and/or derivative issuances.

#### **5. Payment**

Progress payments will be made on work completed during the course of the engagement. Interim billings shall be at the discretion of the auditor, but only for work performed up to the time of invoice preparation.

### **V. Proposal Requirements and Contents**

Hard copy submissions, please submit one (1) original signed version and five (5) copies of the Proposal (six (6) copies in total). For electronic submissions, please submit one (1) PDF file with signatures.

#### **A. Format of Technical Proposal**

1. Title page
  - a) The RFP subject,
  - b) The proposing firm's name,
  - c) Contact person's name, address, telephone number, and email address. If the firm has more than one office, state which office will be responsible for providing services to the District, and
  - d) The date of submission.
2. Table of Contents
  - a) Identification of material submitted, by section and page number,
  - b) Where appropriate, cross reference to section and page number of RFP.
3. Transmittal Letter
  - a) General introduction stating the proposer's understanding of the services to be provided,

- b) A statement why the firm believes itself to be best qualified to perform the engagement both in terms of audit ability for water districts and derivative financial instruments,
- d) A statement of how long the firm has been in business and how many financial audits were performed by the firm for public agencies, water districts and proprietary fund groups during the past five (5) years,
- e) A statement that the attached pro forma contract (Attachment C) is acceptable as is or includes proposed changes that, if acceptable to the District, are acceptable to the proposing firm,
- f) Name(s) of person(s) authorized to represent the proposer, title, address, telephone number, email address, and
- g) Signature of authorized individual.

4. Detailed Proposal Following the Order Set Forth in Section B below.

**B. Contents of Technical Proposal**

The purpose of the Technical Proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake the independent audit of the District in conformity with the requirements of this RFP. The Technical Proposal should demonstrate the qualifications of the firm and of the staff intended to be assigned to this engagement. It should also specify an audit approach that will meet the RFP requirements.

The Technical Proposal should address all the points in the order outlined in the RFP. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of this RFP. While additional data may be presented, the areas detailed below must be included. They represent the criteria against which the proposal will be evaluated.

1. License to Practice in California

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed or supervised by certified public accountants in good standing duly authorized to practice in California.

2. Independence

The firm should provide an affirmative statement that it is independent of the Sacramento Suburban Water District as defined by generally accepted auditing standards, Government Auditing Standards, Minimum Audit Requirements and Reporting Guidelines for Special Districts as required by the State Controller's Office, and those issued by the Comptroller General of the United States.



The firm should also list and describe the firm's professional relationships involving the District for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

### 3. Firm Qualification and Experience

To qualify, the firm must have extensive experience in audits of local governments, preferably water districts, as well as experience with defined benefit pension and OPEB plans and derivative instrument accounting and reporting in compliance with generally accepted accounting principles, generally accepted auditing standards, Minimum Audit Requirements and Reporting Guidelines for Special Districts as required by the State Controller's Office, and Government Auditing Standards as issued by the Comptroller General of the United States.

The proposal should briefly introduce the firm, indicating whether the firm is local, regional, national, or international. State the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed (the District has a strong preference to work with a firm with an office and assigned staff located in Northern California), and the number and nature of the professional staff to be employed in this engagement on a full-time basis, and the number and nature of the staff to be so employed on a part-time basis. Indicate the name of the person who will be authorized to answer questions, the person's title, address, email and telephone number.

If the firm participates in a peer review or quality review program, provide the year, month and result of the most recent review and submit a copy of the report on the firm's most recent external quality control (peer) review, along with a statement as to whether that quality control review included a review of specific government engagements (required by Government Audit Standards).

Provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

### 4. Engagement Partner, Manager/Supervisor and Staff Qualifications and Experience

Identify the senior-level staff, including engagement partner and manager/supervisor, who would be assigned to this engagement on an on-going basis. Indicate whether these individuals have CPA licenses authorized to practice in California and their standing with the Board of Accountancy. Please provide information on the governmental auditing experience and derivative accounting and reporting experience of these individuals, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit. The District reserves the right to approve or reject any replacements in the senior level staff participating in the District's audit.

Identify junior-level staff who may be assigned to this engagement. Indicate the stability of this team of individuals in relation to being assigned to this engagement on an annual basis. Please indicate their experience as outlined above for senior level staff. Indicate how the quality of the junior-level staff will be assured to the District over the term of the agreement. The District reserves the right to approve or reject any replacements in the junior level staff participating in the District's audit.

Staff consistency is an important consideration in awarding the audit contract.

5. Prior Engagements with the District

Indicate prior engagements of the firm with the District or its predecessor districts, the scope of work, date, engagement partners, total hours, and the location of the firm's office from which the engagement was performed.

6. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed to perform the services required in Section III above.

1. Proposed segmentation of the audit work:
  - a. What will be accomplished during interim and what at year end?
  - b. What other contact can the District expect during the year related to the audit engagement?
2. Expectations of District staff:
  - a. What documents and working papers are expected to be provided by District staff during interim and year end work? Please provide a sample "Prepared by Client (PBC)" list and schedules for each section of the audit field work.
3. Proposed time frame for each segment of audit work:
  - a. What is the anticipated length of field work for interim and year end work?
  - b. What is the standard turnaround time from end of field work, to senior level review, to final draft, to partner review, to audit report issuance?
4. Planned number of hours on the engagement for each level of auditing staff.
5. Sample size and the extent to which statistical sampling is to be used in the engagement.
6. Type and extent of use of software in the engagement.
7. Type and extent of analytical procedures to be used in the engagement.
8. Approach to be taken to gain and document an understanding of the District's internal control structure.

9. Approach to be taken in determining laws and regulations that will be subject to audit test work.

10. Approach to be taken in drawing audit samples for purposes of tests of compliance.

7. Staff Estimate and Cost

Provide an estimate of staff time required for each scope item. Estimates shall be broken down by task to enable District staff to determine the level of detail and number of management, staff and support personnel hours envisioned for each task. Estimates of hours for each staff classification shall be provided for each task, meaning separate identification for the financial audit, the single audit and the additional procedures identified in section III.e.

Provide an hourly rate schedule for those job classifications to be billed to the audit and identify all other costs to be billed. Include a total cost plus identifying sub-total costs for the financial audit, the single audit and the additional procedures identified in section III.e.

8. References

Please provide a maximum of three (3) references for similar types of audits of water districts or similar government entities in the past 5 years. As a minimum, please include the client's name, audit type, description, total fee, contact name and title, address, phone number, and e-mail address.

9. Conflicts of Interest

Firms submitting a proposal in response to this RFP must disclose any actual, apparent, direct or indirect, or potential conflicts of interest that may exist with respect to the firm, management, or employees of the firm or other persons relative to the services to be provided under the Agreement for auditing services to be awarded pursuant to this RFP. If a firm has no conflicts of interest, a statement to that effect shall be included in the Proposal.

10. Proprietary Information

Firms submitting a Proposal in response to this RFP must provide a statement that nothing contained in the submitted proposal will be proprietary. All proposals shall become the property of the District once submitted.

11. Insurance

Provide a summary of the firm's insurance coverage. Summary should include a statement that the firm's insurance meets or exceeds the District's requirements. Minimum limits and types of insurance that are required to be maintained throughout the term of the engagement are identified in Attachment B.

12. Signature

The proposal shall be signed by an official authorized to bind the consulting firm and shall expressly state that the proposal is valid for 90 days.

## **VI. Selection Process**

Qualification-based selection methods will be used for award of this audit contract. Specifically, proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposal evaluated and scored for both technical qualifications and price. The following represents the principal selection criteria, which will be considered during the evaluation process:

### **1. Mandatory Elements:**

- a. The audit firm and its team anticipated to be assigned to the District audit are independent, insured, licensed and in good standing to practice in California.
- b. The firm has no conflict of interest with regard to any other work to be performed for the District.
- c. The firm adhered to the instructions in this RFP.
- d. The firm has experience with accounting and reporting derivative financial instruments.
- e. The firm submits a copy of its last external quality control review report and the firm has record of quality audit work.

### **2. Technical Quality (maximum 60 points):**

- a. **Expertise and Experience**
  - i. The firm has substantial past experience in performing the required audits on government agencies comparable to the District.
  - ii. The quality and stability of the firm's professional staff to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation is proficient and acceptable to the District.
- b. **Audit Approach:**
  - i. The firm provided proposed plans for the various segments of the engagement which are acceptable to the District.
  - ii. The firm presented a thorough understanding of the objectives, scope and issues for this type of engagement.
  - iii. Adequacy of proposed staffing plan.
  - iv. Adequacy of sampling techniques.
  - v. Adequacy of analytical procedures.
  - vi. The firm is committed to the timeliness in the conduct and completion of the audit.
  - vii. Location of firm managing and conducting audit.

#### **c. References**

### **3. Price (maximum 40 points):**

Evaluation of the proposed fee to conduct the audit on a per annum basis.

### **4. Oral Presentation (if determined necessary)**

During the evaluation process between selected finalists, the committee may, at its discretion, request the finalists to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the committee may have on a firm's proposal.

#### 5. Final Decision

It is anticipated that the Board of Directors will select a firm on August 17, 2020. Following notification of the firm selected, it is expected a contract will be executed between both parties by August 31, 2020.

### **VII. Proposal Terms and Conditions**

The District will not pay any costs incurred by the firm in preparing or submitting the proposal. The District reserves the right to modify or cancel, in part or in its entirety, this RFP. The District reserves the right to reject any or all proposals, to waive defects or informalities, and to offer the contract with any firm in response to any RFP. This RFP does not constitute any form of offer to contract.

### **VIII. Standard Hold Harmless Agreement**

The Consultant shall defend, indemnify and save and hold harmless the District, its officers, agents and employees from any claims, suits or actions of every name, kind and description brought forth, or an account of, injuries to or death of any persons, including, but not limited to, works and the public or damage to property, resulting from or arising out of the Consultant's negligence or willful misconduct in the performance of this project.

### **IX. Contract Forms**

The District's standard contract form will be used as the agreement between the auditor and District with the Audit Engagement Letter serving as Exhibit A to the contract. A copy of the District's standard contract is attached (Attachment C). If the firm is unable to execute the District's standard contract, suggested modifications to the standard agreement must be detailed in the proposal. The District will consider any proposed deviations to the standard agreement in the evaluation of consultant qualifications.

**ATTACHMENT A**  
**DISTRICT'S 2019 CAFR**

Go to [www.sswd.org](http://www.sswd.org), click on Departments, then Finance, then  
Comprehensive Annual Financial Report.

**ATTACHMENT B**  
**STANDARD INSURANCE REQUIREMENTS**

The selected Consultant shall provide, at its own expense, and maintain at all times, the following insurance with insurance companies licensed in the State of California.

<b>COVERAGE</b>	<b>LIMITS OF LIABILITY</b>
General Liability with the following endorsements: ➤ Comprehensive ➤ Premises – operations ➤ Explosive/Collapse & Underground Hazard ➤ Products/Completed Operations ➤ Broad form Property Damage ➤ Independent Contractors ➤ Personal Injury	Bodily Injury: ➤ \$2,000,000 each occurrence ➤ \$5,000,000 aggregate  Property Damage: ➤ \$2,000,000 each occurrence  Personal Injury: ➤ \$2,000,000 each occurrence ➤ \$5,000,000 aggregate
Automobile Liability with: ➤ Comprehensive ➤ Owned ➤ Hired ➤ Non-owned	Bodily Injury: ➤ \$2,000,000 each occurrence  Property Damage: ➤ \$2,000,000 each occurrence
Worker’s Compensation	Statutory
Professional Liability (Errors and Omissions)	➤ \$1,000,000 each occurrence ➤ \$2,000,000 aggregate

**ATTACHMENT C**

**DISTRICT'S STANDARD CONSULTING CONTRACT**



**Auditing Firms  
Distribtuion List  
Year 2020**

<b>Firm Name</b>	<b>Contact Name</b>
Brown Armstrong Accountancy Corporation	Thomas Young
Gilbert CPAs	Peggy Vande Vooren
MGO-Marcias, Gini & Oconnell, LLP	Sara Friedman
Jacobson Jarvis & Co., PLLC	Christy Tyler-Cooper
James Marta & Company LLP	Scott McKinney
LSL Certified Public Accountants	Richard Kikuchi
Mann, Urrutia, Nelson CPAs & Associates, LLP	Justin Williams
Maze & Associates Accountancy Corporation	Timothy Krisch
Richardson & Company	Ingrid M. Sheipline
Rogers, Anderson, Malody & Scott, LLP	Scott Manno

<b>Email Address</b>	<b>Address</b>
<a href="mailto:tyoung@bacpas.com">tyoung@bacpas.com</a>	4200 Truxton Avenue, Suite 300
<a href="mailto:peggy@gilbertcpa.com">peggy@gilbertcpa.com</a>	2880 Gateway Oaks Drive, Suite 100 3000 S S Street, Suite 300
<a href="mailto:ctyler@jjco.com">ctyler@jjco.com</a>	2175 Foothill Blvd., Suite B
<a href="mailto:Smckinney@jpmcpa.com">Smckinney@jpmcpa.com</a>	701 Howe Avenue, Suite E3
<a href="mailto:richard.kikuchi@slcpas.com">richard.kikuchi@slcpas.com</a>	203 North Brea Blvd, Suite 203
<a href="mailto:mjr@muncpas.com">mjr@muncpas.com</a>	1760 Creekside Oaks Drive, Suite 160
<a href="mailto:maze@mazeassociates.com">maze@mazeassociates.com</a>	3478 Bushkirk Avenue, Ste 215
<a href="mailto:ishipline@richardsoncpas.com">ishipline@richardsoncpas.com</a>	550 Howe Avenue, Suite 210
<a href="mailto:smano@ramscpa.net">smano@ramscpa.net</a>	735 E. Carnegie Drive, Suite 100

<b>City, State &amp; Zip</b>	<b>Phone Number</b>
Bakersfield, CA 93309	888-565-1040
Sacramento, CA 95833	916-646-6464
Sacramento, CA 95816	866-355-2453
La Verne, CA 91750	909-364-0126
Sacramento, CA 95825	916-993-9494
Brea, CA 92821	714-672-0022
Sacramento, CA 95833	916-929-0540
Pleasant Hill, CA 94523	925-930-0902
Sacramento, CA 95825	916-564-8727
San Bernardino, CA 92408	909-889-0871



## Agenda Item: 3

**Date:** May 12, 2020

**Subject:** Annual Update Process for FDC's

**Staff Contact:** Jeffery S. Ott, Director of Finance and Administration

### **Recommended Committee Action:**

Review and approve staff recommendation to update Regulation 7. Consider recommending acceptance of staff recommendation on updating Regulation 7 to full Board of Directors.

### **Background:**

Approximately every 5 years the District conducts an independent Rate Study to determine the appropriate Facility Development Charges to apply to new or updated service connections. Per Regulation 7, Section H.5, "Each year the Facilities Development Charges will be adjusted to reflect cost changes in materials, labor, or real property applied to projects or project capacity. This adjustment in cost is not considered a change in the Facilities Development Charge methodology. The cost adjustment shall be made by applying one or more specific cost indexes or other periodic data sources". This method is used between Rate Studies to adjust the FDCs annually by an inflation factor and does not consider annual asset additions, deletions, or the change in outstanding debt. This approach can lead to significant increases in years in which a rate study is performed as the charges need to catch up with the past asset additions, deletions, and changes in outstanding debt. As was the case in 2019, the FDCs had a significant increase after the Rate Study methodology was fully applied.

### **Discussion:**

The 2019 Rate Study provided the District with the model to calculate the FDCs. The methodology used follows previous rate studies as well as AWWA recommendations. Staff would like to use the full model to calculate the FDC's each year between rate studies to have more accurate and consistent FDCs between rate studies.

Staff have prepared a presentation on the impacts of using the inflation factor versus using the 2019 Rate Study methodology for Committee review. Staff believe that utilizing the full model is more accurate and beneficial to the District.

Proposed language changes are as follows:

#### Section H.5

- (a) Each year the Facilities Development Charges will be adjusted utilizing the model from the most recent Rate Study. Staff will update the model assumptions and parameters and calculate the new FDC values.

The effective date of the recalculated Facilities Development Charges will be April 1<sup>st</sup>. A comprehensive review and update of Facility Development Charge methodology shall occur at least every five years.

(b) The existing sub-section (a) will become sub-section (b).

Other sections will be updated to properly reference other Regulations.

**Fiscal Impact:**

FDCs are likely to increase more each year than they would by using the current method of applying an inflation factor to adjust the charges.

**Strategic Plan Alignment:**

Goal C: Ensure Fiscal Responsibility and Affordable Rates

Having FDCs that represent the full amount required to buy into District facilities is beneficial to the District and its existing customers.

**Attachments:**

1 – Regulation 7 – New or Additional Services - redline

2 – Regulation 7 – New or Additional Services – with proposed changes - clean

## Regulation No. 7 New or Additional Service Connections

Adopted: July 19, 2004

Amended: July, 2020

Water Service from Sacramento Suburban Water District is not transferable or assignable and is subject to full compliance with the District's Regulations Governing Water Service, including the following terms and conditions:

### A. New or Additional Service Connections Generally

No New Service shall be connected to the District Water System unless there exists a District water main in a street or right-of-way fronting an Applicant's property accessible to the proposed location of the Applicant's service. A New Service will be located only in the front of a Parcel if an existing water main fronts a Customer's property. A New Service shall only be permitted in a backyard when no other viable option is available. A District water main available to serve a New Service shall have Adequate and Reserve Capacity and pressure to provide safe and reliable water service for domestic and fire protection use as solely and conclusively determined by the District. The District, in determining the adequacy of the existing facilities, will take into consideration all factors such as the water requirements of the project to be served by a New Service, the flows required for fire protection, and whether the use of the water will significantly impair service to existing Customers. If the District determines that the New Service will not be connected into the District Water System unless the Applicant provides such adequate extensions or additions as may be necessary in accordance with District Standards, regulations, and Master Plan, then the District shall determine the location, capacity, and design of such extensions or additions and provide its determination to the Applicant. In making this determination, the District may consider all factors, including but not limited to, anticipated future land uses, water requirements, the desirability of looping water mains to increase reliability and adequacy of service, required flows needed for fire protection, and the long range plans for capital improvements of the District Water System. The District's determination will be conclusive on the Applicant.

### B. No Prior Service

#### 1. Adequate Main Abuts Applicant's Parcel

A New Service will be connected provided the following conditions are fulfilled:

- (a) The Parcel to be served is within the District's geographical boundaries or is annexed to the District in accordance with an order of LAFCO;
- (b) The Applicant's Parcel is or has been made subject to applicable bonded indebtedness of the District, if any;

- (c) The District possesses adequate water supply to serve the Applicant's requested needs;
- (d) A District water main of Adequate and Reserve Capacity exists in a public right-of-way fronting the Principal Boundary or Principal Boundaries of the Applicant's Parcel, where the public right-of-way is less than 80 feet wide. For public rights-of-way 80 feet or wider, a water main of Adequate and Reserve Capacity shall exist fronting the Applicant's Principal Boundary from within the area measured from the centerline of the public right-of-way to the Applicant's property line contiguous to the public right-of-way; and
- (e) An Application for Water Service has been filed with the District in compliance with Section D, hereof.

2. No Adequate Main Abuts Applicant's Parcel

Service will be connected provided the following conditions are fulfilled:

- (a) The Parcel to be served is within the District's geographical boundaries or is annexed to the District in accordance with an order of LAFCO;
- (b) The Applicant's Parcel is or has been made subject to applicable bonded indebtedness of the District, if any;
- (c) The District possesses adequate water supply to serve the Applicant's requested needs;
- (d) The Applicant will provide a main of Adequate and Reserve Capacity at his/her own cost and expense, which main shall be constructed in a public right-of-way fronting the entire frontage of the Applicant's Parcel or an approved easement. Should the Applicant's Parcel front two or more rights-of-way, the Applicant shall be required to install the main along the Parcel's Principal Boundary as designated in the District's Master Plan as the right-of-way necessary to provide for future extension of the District Water System. Should the Applicant be required to service the Parcel from a right-of-way other than the principal right-of-way (service shall also mean fire service if required by the applicable fire agency), then the Applicant shall be required to install water mains of Adequate and Reserve Capacity along both the principal and the service frontage. All provisions for main extensions shall be in accordance with all applicable District Standards, Regulations, Master Plans; and
- (e) An Application for Water Service has been filed with the District in compliance with Section D, hereof.

## C. Prior Service

1. A Parcel to which service has been discontinued will be re-connected upon the filing of a new application together with the payment of all fees and the upgrade of all District facilities affected by the re-connection as required by District Regulations.
2. If any one of the following, but not limited to, conditions exists on an Applicant's Parcel, the District will require an upgrade of the existing service before reconnection to the District Water System will be permitted:
  - (a) An improvement on the Parcel requires an increase in water pressure or quantity. The District's increase of water pressure or quantity determination shall be based on the quantity of added water use facilities to be installed as a result of the improvement. The Applicant's engineer shall submit to the District a record of all the plumbing fixtures and flows required to serve all existing and proposed improvements on the Applicant's Parcel. Based on this information, the District shall determine if the existing service is adequate to serve the Premises. The District shall use AWWA Standards to determine the adequacy of all services and the consequent need for upgrades.
  - (b) An improvement on the Parcel requires increased water pressure or quantity in order to meet fire demand as computed under the fire suppression rating schedule, published by the California Fire Code (Edition 2013, or latest edition).
  - (c) An improvement changes a multiple unit Premises from master-metered to individually-metered units.
3. In those cases when service has not been interrupted but the Parcel has been improved, the provisions and requirements of Regulations Nos. 7 and 9 hereof shall apply if any one of the conditions described above in subparagraph 2 exists.

## D. Application for Service

1. The District will not provide or continue service to any Parcel unless the present Landowner has filed an Application for Water Service with the District.
2. Application for service shall be made in writing on forms provided by the District and signed by the Landowner.
3. Applications shall be supported by plat maps and a legal description of the Parcel, and a project description that includes construction type and number of living units, plan of water distribution, project approval by the appropriate fire service district, the planned service date, the name and billing address of the Landowner, the domestic water requirements in gallons per minute, and the total fire-flow



requirements, as well as the location of existing and/or proposed fire hydrants to meet applicable fire-flow requirements.

4. The failure of an Applicant to request the connection of his or her Parcel to the District Water System within one year of the District's Plan Approval shall automatically terminate the application and entitle the Applicant to the return of all fees paid except the plan check fee, any annexation fee, and other fees as described in Subsection G hereof. A request for refunding of fees shall be made in writing to the District.
5. The Applicant must deposit with the District, on or before the Plan Approval date, an amount equal to the cost of all Extension Facilities proposed to be constructed by the District, together with all service charges, fees, and Facilities Development Charges in effect on the date of the Final Approval.
6. Any decision by the District's staff concerning an application for service is appealable to the District Board of Directors or the Board's Facilities and Operations Committee. An Applicant's appeal must comply with the applicable requirements provided in Regulation 17, Procedures for Variance Application.
7. In situations where a retail municipal water supplier must allocate service connections due to supply limitations, Government Code section 65889.7 requires the District to provide a service priority to proposed residential developments that include units affordable to lower income households, as such are defined in Health & Safety Code sections 50052.5, 50053 and 50079.5. The District currently has sufficient supplies to serve all anticipated new demands and given its largely built-out condition, expects to have sufficient supplies to meet all future new demands. If, however, an allocation of new services becomes necessary, the following states the District's low income housing priority policy. An application for service to a proposed development that includes housing units affordable to lower income households, as defined by Government Code section 65589.7(d)(1), shall not be denied, conditionally approved, or the amount of service applied for reduced without specific written findings that the denial, condition, or reduction is necessary due to one or more of the following:
  - a. The District does not have "sufficient water supply," as defined in paragraph (2) of subdivision (a) of Section 66473.7, or is operating under a water shortage emergency or distribution capacity to serve the needs of the proposed development, as demonstrated by a written engineering analysis and report;
  - b. The District is subject to a compliance order issued by the State Department of Public Health that prohibits new water connections;
  - c. The Applicant has failed to agree to reasonable terms and conditions relating to the provisions of service generally applicable to development projects seeking service from the District, including, but not limited, the requirements of local, state, or federal laws and regulations or payment

of a connection fee or capacity charge imposed pursuant to Government Code section 66013.

In accordance with Water Code section 10631.1, the District will include in its Urban Water Management Plans projections of water use by single- and multiple-family housing needed for low income families.

#### E. Water Main Sizes

1. The size of water mains to be installed in accordance with this Regulation 7 shall be in compliance with District Standards, Section D - Design Standards.
2. Whenever Extension Facilities are required to be installed in accordance with this Regulation 7, the District may require, in accordance with its approved Master Plan and for the purposes of public convenience, necessity, and safety, the installation of an Up-Sized Line. Whenever the District requires the installation of an Up-Sized Line, the line shall be designed in accordance with one of the following procedures at the District's option:
  - (a) An Applicant, with approval from the District, shall have his or her engineer design the Up-Sized Line. The Applicant shall competitively bid and in accordance with the lowest responsive and responsible bid, construct the extension facility in accordance with the following conditions:
    - (1) The Applicant's engineer will prepare a spreadsheet detailing the Applicant's cost of installation of the line size required in accordance with provisions of District Standards, Section D - Design Standards.
    - (2) The Applicant's engineer will prepare a spreadsheet detailing the cost of the installation of the Up-Sized Line.
    - (3) The Applicant's engineer shall design plans and specifications for both the main size required in accordance with District Standards and Regulations and the Up-Sized Line. The design of the water mains shall be according to District Standards with plan review, revisions, and Plan Approval by District staff.
    - (4) The District shall pay to the Applicant, when the job is completed and accepted by the District, the difference in cost between the cost of the Up-Sized Line based on the lowest responsive and responsible bid and the cost of the installation of the line of the size required to adequately serve his or her Parcel, based on the average of the three lowest responsive and responsible bids. The District shall pay for the Up-Sized Line in accordance with Regulation 9, Section L.
    - (5) The Applicant shall pay to the contractor the full cost of the main installed.

- (6) The Applicant shall pay all of the District's fees, charges and costs required for the installation of the water main.
  - (7) The Applicant shall comply with all applicable regulations of the District and any amendments adopted from time to time by the Board of Directors.
- (b) The District shall design plans and call for separate bidding to construct the Extension Facilities as follows:
- (1) District staff will prepare spreadsheets detailing the cost of installing the line size required in accordance with District Standards, Section D - Design Standards.
  - (2) District staff will prepare spreadsheets detailing the cost of installing the Up-Sized Line.
  - (3) The Applicant shall pay to the District the full cost of the installation of the line of the size required to adequately serve his or her Parcel, based on the average of the three lowest responsive and responsible bids, and the District will pay the difference for the cost of the Up-Sized Line as contained in those bids. Applicant's payment to the District shall be no later than 30 calendar days after the District has awarded the project.
  - (4) The Applicant shall comply with all District Standards and Regulations and any amendments adopted from time to time by the Board of Directors.

F. District Final Plan Approval

The date of the District's final Plan Approval is defined as that date when the District shall, after receipt of all applicable fees, charges, applications and grants of easements, date and sign the Applicant's plans as approved for construction, or where no Extension Facilities are required, on that date when the District shall, after receipt of all applicable fees, charges, application and grants of easements, approve and date the said application. Should Applicant not obtain District's approval of his or her plans, the Applicant shall not be allowed to connect to the District Water System until he or she has obtained final Plan Approval. The District's Final Plan Approval is subject to all time limits and other restrictions provided in this Regulation 7 and such approval does not create any vested right in an Applicant except to the extent provided herein.

G. Expired Plans/Un-Built Projects

If construction of the required extension has not begun on the one-year anniversary date of Plan Approval or the District receives a written statement from an Applicant that the project will not be built, the District shall deem the plans void. The District will refund collected fees upon the Applicant's written request, except for plan review, hydrant permit, construction water, annexation, and fire hydrant flow test fees. Should an Applicant resubmit plans for approval, the District will review the plans in accordance with District Standards, this Regulation 7 and Regulation 9. New and/or additional fees will be calculated and assessed for review of resubmitted plans. New Plan Approval shall be per Section F hereof.

## H. Charges for New or Improved Service Connections

### 1. Plan Check Fee

A charge shall be assessed by the District for the review of the Applicant's construction plans for new or improved water service. The charge will be assessed at the rate of ~~\$90.00~~ established per hour for each District employee assigned to the review. In addition, the District may charge staff time or consultant fees at cost for any additional services required as part of the review, including but not limited to, hydraulic analyses, site verification, and research. The District shall estimate the cost of reviewing such plans and notify the Applicant of the estimated costs for the services required. The Applicant shall deposit with the District the estimated plan check costs as a condition precedent to plan review. In the event that the actual cost for plan checking incurred by the District exceeds the amount deposited, the Applicant shall pay the excess fees due to the District before final Plan Approval. The charge for Plan Review shall be in accordance with Regulation 3, Section ~~QR~~.

### 2. Service Line Charge

The District charge for the installation of a new metered water service line from the existing water main to an Applicant's Parcel shall equal the District's actual cost of materials, installation, labor, equipment, and normal overhead charges. ~~The charge for the installation of a new service line shall be in accordance with Regulation 3, Section U<sup>[101]</sup>.~~

### 3. Service Line Relocation

The District charge for the relocation of a service line from the existing water main to an Applicant's Parcel (which will be relocated according to District Standards) shall equal the District's actual cost of materials, installation, labor, equipment, and normal overhead charges. ~~The charge for relocation of a service line shall be in accordance with Regulation 3, Section V<sup>[102]</sup>.~~

### 4. Water Meters

District charges for installing and setting water meters will consist of the District’s actual cost of materials, labor, equipment, installation, and overhead. The installation of a metered New Service shall be charged according to Section H.2 of this Regulation 7, provided that all applicable conditions of the District’s Regulations have been satisfied. ~~When the only service rendered is restoring water service by reinstalling a Meter, a charge will be assessed in accordance to Regulation 3, Section I [103] for each reinstallation.~~

5. Facilities Development Charge

To cover a portion of the District’s costs incurred for the installation of wells, pumps, and storage and treatment facilities, and to provide a fund for reimbursement of a portion of Customers’ costs of Extension Facilities pursuant to Regulation No. 9, Section A, a Facilities Development Charge will be imposed in accordance with the following schedule for each new or improved service:

Meter Size	Facilities Development Charge*
5/8”	\$4,056.00
3/4”	\$6,085.00
1”	\$10,141.00
1 1/2”	\$20,282.00
2”	\$32,452.00
3”	\$64,903.00
4”	\$101,411.00
6”	\$ 202,823.00
8”	\$365,081.00
10”	\$486,775.00
12”	\$684,527.00

~~\* Each year the Facilities Development Charges will be adjusted to reflect cost changes in materials, labor or real property applied to projects or project capacity. This adjustment in cost is not considered a change in the Facilities Development Charge methodology. The cost adjustment shall be made by applying one or more specific cost indexes or other periodic data sources. A specific cost index or periodic data source must be:~~

- ~~1. A relevant measure of the average change in prices or cost over an identified time period for materials, labor, real property or a combination of the three;~~

- ~~2. Published by a recognized organization or agency that produces the index or data source for reasons that are independent of the Facilities Development Charges methodology;~~
- ~~3. Publicly available and generally recognized in the utility industry as an authoritative resource for calculating periodic cost adjustments; and~~
- ~~4. Shall be adopted from time to time by Resolution of the Board~~

(a) Each year the Facilities Development Charges will be adjusted utilizing the model from the most recent rate study. Staff will update the model data, assumptions, and parameters and calculate the new FDC values.

The effective date of the recalculated Facilities Development Charges will be April 1<sup>st</sup>. A comprehensive review and update of Facility Development Charge methodology shall occur at least every five years.

~~(a)~~ In the event that the Facilities Development Charge assessed to the Applicant impose a financial burden on his or her project, the Applicant may request that the District enter into a deferred payment plan on the all of following terms:

- (1) The written application includes a request for deferment of the payment of all or part of the Facilities Development Charge.
- (2) The District Board of Directors must approve the request.
- (3) The request is accompanied by a surety bond or an irrevocable letter of credit in an amount equal to the Facilities Development Charge imposed on the Applicant as specified above, and the specified security is issued by a surety or financial institution authorized to do business and in good standing with the appropriate agency of the State of California.
- (4) The deferment request is accompanied by an executed Contract on a form provided by the District, which Contract includes the provisions of this subsection and provides for the payment of such Facilities Development Charge as may be in effect on the date of payment, together with interest at the legal rate. The Contract also will provide that the Applicant will pay the Facilities Development Charge in full no later than a date that is no more than 12 months from the date of the filing of the Service Application with the District.
- (5) The written application and accompanying plans must comply with all applicable District Standards, Ordinances, and Regulations.
- (6) The deferment rights granted to an Applicant, if any, are not assignable except upon the District's written consent.

6. Supervision and Inspection Charges

A charge shall be assessed for District supervision and inspection of water system improvements ~~based upon hourly rate of \$75.00 per hour~~. At the time of service application, the District will estimate the minimum cost for District supervision and inspection of the proposed water system improvements, which the Applicant shall deposit with the District in advance of Plan Approval, in addition to all other charges owing under the District's regulations. In the event that actual supervision and inspection costs for supervision and inspection incurred by the District exceed the amount deposited, the Applicant will pay the excess fees due to the District as a condition precedent to final District acceptance of the water system improvements and connection of service. Should any additional costs be required due to damage to District facilities by Applicant's contractor during construction, the cost shall be billed separately to the contractor. The contractor's payment of billed damages shall be due as a condition of commencing water service and final District acceptance of the improvements. The charge for Supervision and Inspection shall be in accordance with Regulation 3, Section RS.

Should the need for an inspection occur weekdays between 4:30 p.m. and 8:00 a.m. the following day, or on weekends or holidays, the requested inspection shall be scheduled through the District to ensure the availability of personnel for the time requested. Overtime costs for inspections outside of normal business hours by District personnel shall be calculated and paid by the Applicant in advance of scheduling the after-hours work. The overtime charge shall be at least one and one-half (1½) times the standard hourly rate for inspection.

7. Fire Hydrant Flow Test

When requested by the local fire agency having jurisdiction over a project within the District, a fire hydrant flow test will be performed to determine the flow available at the test date. The flow test will only demonstrate the pressure and distribution capabilities at the time and under the conditions existing when the test is performed. The District will not guarantee that the flow test results obtained will be consistent with flows available at all times and under all conditions.

Flow tests will be performed either in the field or using the District's water model. Tests will be performed by District staff as time allows but not to exceed 4 weeks after a request is made. For design purposes, fire flow tests using the water model will be run with the most conservative assumptions reasonable in order to establish the projected worst case conditions prevailing in the District's water system.

A charge will be assessed for the District to supervise and perform the test and to provide written results. The charge shall be in accordance with Regulation 3, Section ST.

8. Bacteriological Testing

After installation and disinfection, the District will sample all new Extension Facilities and have the sample tested by a certified laboratory for bacteria. The Extension Facilities will be super-chlorinated and flushed using at least three times the volume of water in the facilities before bacteria testing is to begin. After flushing is complete, the first set of bacteria testing will be collected from the Extension Facilities. Twenty-four (24) hours after the first collection, a second set of bacteria testing will be collected. If the new Extension Facilities fail to meet applicable federal, state and local bacteriological standards, the Applicant will be responsible for re-disinfecting and re-testing those facilities until they pass. A charge for this test and any required retests will be assessed in accordance to Regulation 3, Section J.

9. Backflow Prevention Assembly Test Charge

A charge will be assessed for the District to test all Backflow Prevention Assemblies as part of a new development to verify the operating status of each such device. If a Backflow Prevention Assembly does not pass the first inspection, the Applicant will be required to repair the Backflow Prevention Assembly and re-test it at the Applicant's expense. Each backflow test charge shall be in accordance with Regulation 3, Section D.

10. Environmental Document Charge

Whenever the District determines that an environmental impact report or other environmental document is required for a proposed Extension Facility necessary to serve an Applicant's Parcel, the District will estimate the cost of preparing such a document, including overhead expenses, preparation, and hearings. In addition to all other costs that may be due to the District for provision of service, the Applicant shall deposit with the District the estimated Environmental Document Charge as a condition precedent to the District's approval of an environmental document. In the event that the actual cost to prepare an environmental document exceeds the amount deposited, the Applicant will pay the excess amount before Final Approval. If the deposit exceeds the cost, the District will refund the balance.

In the event that the Applicant delivers to the District a certified copy of an environmental document duly approved and filed by the County of Sacramento relevant to the Applicant's Parcel, the District may determine, in its sole discretion, that the provisions of this paragraph do not apply.

11. Furnish-Only Fees

Meters, as shown on the standard detail drawing of the District Standards, are required on all new or improved Service Connections and shall be Furnish-Only Materials by the District. The District will charge fees for Furnish-Only Materials to an Applicant in accordance with the number, the cost, and the District's inventory and overhead cost for furnishing the required Meter(s).



## I. Water Service

The District shall make water service available to an Applicant's new or improved Service Connection subject to the following terms and conditions:

1. No service shall be granted or continued unless an Applicant has filed an application for service on a District-furnished form.
  - (a) All new construction, improved Parcels, and replacement mains shall have a Meter installed on the Principal Boundary no more than one foot behind a sidewalk or curb.
  - (b) Monthly water billing shall be computed on actual consumption based on the Metered Rates in Regulation No. 3.
  - (c) A separate Service Connection and Meter shall be installed on each Parcel. A separate Service Connection may include multiple meters except as otherwise limited by this Regulation 7.
  - (d) If a Parcel is found to be served by more than one Service Connection, it will be at the sole discretion of the District, in consultation with the Customer, to determine how the parcel will receive water through a metered connection(s). The owner of the parcel will be responsible for the cost of any changes to the service configuration, including the abandonment of any existing unused Service Connection or the upgrade to District current standards of additional Service Connections as determined necessary by the District.
  - (e) The minimum water service size for a new residential Service Connection shall be ~~one inch~~ three quarters of an inch (3/4") in diameter.
  - (f) No more than one Service Connection per Single Family Residential Parcel will be permitted unless otherwise determined by the District.
  - (g) Each residential unit is required to have its own District-approved Service Connection.
  - (h) A separate metered irrigation service shall be required for all non-residential units.
  - (i) No credit will be allowed for vacancies in multiple family residential units.
  - (j) All non-residential services and multi-family residential structures containing 5 or more units fed from a single connection services shall have water meters with an approved Backflow Prevention Assembly.

2. Use of a 5/8" meter shall be limited to multi-family residential units fed by a single water service such as, but not limited to, duplexes, triplexes, fourplexes, apartment buildings with five or more residential units, and condominiums.
3. Voluntary Meter Installation on an Existing Residential Service
  - (a) At a Customer's request, the District will install a permanent Meter on an existing un-metered Service Connection for a residential Parcel at no direct charge. However, should the Parcel be within a current main replacement project area that is scheduled for a new water service installation a new meter will be installed only after the installation of the new water main.
  - (b) Upon installation of a Meter, the District will compute and charge the Parcel's water bill based on actual consumption at the Metered Rates stated in Regulation No. 3.

J. Connection to Facilities Extended by District

1. If an Applicant for water service to a Parcel fronting Extension Facilities built with District funds desires to connect to such facilities, he or she shall deposit with the District, together with a New Service application, a portion of the total cost of designing and installing the Extension Facilities. The Applicant's cost share shall be determined by comparing the length of the Applicant's frontage along the right-of-way in which the water service facilities will or have been located to the total combined frontage along said right-of-way of all Parcels served by the Extension Facilities. The District also will calculate and charge all other applicable fees and charges established by District Regulations.
2. If an Applicant chooses, payment of the costs and charges to connect to District-constructed Extension Facilities as defined in Regulation 9, Section A may be deferred for a period not to exceed 12 months from the date on which the District approves the Application for Water Service, provided:
  - (a) The Applicant requests the District defer the charges in writing before the date the application is approved, and
  - (b) The full amount of such fees and charges together with interest thereon at the legal rate is guaranteed by a surety bond issued by a surety company acceptable to the District, and the Applicant executes an agreement to make such payment together with interest at the legal rate within the 12-month deferment period, and
  - (c) The deferment is not transferable.
3. Reimbursement for eligible costs of Extension Facilities as defined by Regulation 9, Section A will not be made until all connection charges have been paid by the Applicant.

K. Abandonment of Service Line

The District charge for the abandonment of an existing water service from the existing water main to the Applicant's Parcel shall equal the District's actual cost of materials, labor, equipment and normal overhead charges. The charge for service abandonment shall be in accordance with Regulation 3, Section TW.

L. Existing Services

All Service Connections that are not directly affected by an improvement, but which exist on a Parcel to be improved, shall be upgraded to current District Standards if the Landowner intends to use such service(s) in the future. If the unaffected Service Connection(s) will not be used, the Landowner shall be required to abandon such service(s) in accordance with District Standards. This requirement applies to all services that serve other buildings or appurtenances on the Parcel being improved.

District-required upgrades of existing Service Connection(s) shall include, but are not limited to, repair, upgrade and/or replacement of existing facilities to current District Standards.

Credit will be given for existing unused services on improvement projects affecting the Parcel. Credit will be given in the amount of the existing Facilities Development Charge on the Plan Approval date, subject to abandonment of the unused Service Connection(s) as required herein. Credit will only apply to new Facilities Development Charges and will not exceed the total for the project.

M. Existing Services on Split Parcels

After a parcel split, the existing service will serve only the Parcel on which it is installed. If any unserved portion of a split Parcel will be developed, the Landowner shall be required to install a New Service on such Parcel in accordance with all applicable District Standards, Ordinances, and Regulations.

## Regulation No. 7 New or Additional Service Connections

Adopted: July 19, 2004

Amended: July, 2020

Water Service from Sacramento Suburban Water District is not transferable or assignable and is subject to full compliance with the District's Regulations Governing Water Service, including the following terms and conditions:

### A. New or Additional Service Connections Generally

No New Service shall be connected to the District Water System unless there exists a District water main in a street or right-of-way fronting an Applicant's property accessible to the proposed location of the Applicant's service. A New Service will be located only in the front of a Parcel if an existing water main fronts a Customer's property. A New Service shall only be permitted in a backyard when no other viable option is available. A District water main available to serve a New Service shall have Adequate and Reserve Capacity and pressure to provide safe and reliable water service for domestic and fire protection use as solely and conclusively determined by the District. The District, in determining the adequacy of the existing facilities, will take into consideration all factors such as the water requirements of the project to be served by a New Service, the flows required for fire protection, and whether the use of the water will significantly impair service to existing Customers. If the District determines that the New Service will not be connected into the District Water System unless the Applicant provides such adequate extensions or additions as may be necessary in accordance with District Standards, regulations, and Master Plan, then the District shall determine the location, capacity, and design of such extensions or additions and provide its determination to the Applicant. In making this determination, the District may consider all factors, including but not limited to, anticipated future land uses, water requirements, the desirability of looping water mains to increase reliability and adequacy of service, required flows needed for fire protection, and the long range plans for capital improvements of the District Water System. The District's determination will be conclusive on the Applicant.

### B. No Prior Service

#### 1. Adequate Main Abuts Applicant's Parcel

A New Service will be connected provided the following conditions are fulfilled:

- (a) The Parcel to be served is within the District's geographical boundaries or is annexed to the District in accordance with an order of LAFCO;
- (b) The Applicant's Parcel is or has been made subject to applicable bonded indebtedness of the District, if any;

- (c) The District possesses adequate water supply to serve the Applicant's requested needs;
- (d) A District water main of Adequate and Reserve Capacity exists in a public right-of-way fronting the Principal Boundary or Principal Boundaries of the Applicant's Parcel, where the public right-of-way is less than 80 feet wide. For public rights-of-way 80 feet or wider, a water main of Adequate and Reserve Capacity shall exist fronting the Applicant's Principal Boundary from within the area measured from the centerline of the public right-of-way to the Applicant's property line contiguous to the public right-of-way; and
- (e) An Application for Water Service has been filed with the District in compliance with Section D, hereof.

2. No Adequate Main Abuts Applicant's Parcel

Service will be connected provided the following conditions are fulfilled:

- (a) The Parcel to be served is within the District's geographical boundaries or is annexed to the District in accordance with an order of LAFCO;
- (b) The Applicant's Parcel is or has been made subject to applicable bonded indebtedness of the District, if any;
- (c) The District possesses adequate water supply to serve the Applicant's requested needs;
- (d) The Applicant will provide a main of Adequate and Reserve Capacity at his/her own cost and expense, which main shall be constructed in a public right-of-way fronting the entire frontage of the Applicant's Parcel or an approved easement. Should the Applicant's Parcel front two or more rights-of-way, the Applicant shall be required to install the main along the Parcel's Principal Boundary as designated in the District's Master Plan as the right-of-way necessary to provide for future extension of the District Water System. Should the Applicant be required to service the Parcel from a right-of-way other than the principal right-of-way (service shall also mean fire service if required by the applicable fire agency), then the Applicant shall be required to install water mains of Adequate and Reserve Capacity along both the principal and the service frontage. All provisions for main extensions shall be in accordance with all applicable District Standards, Regulations, Master Plans; and
- (e) An Application for Water Service has been filed with the District in compliance with Section D, hereof.

### C. Prior Service

1. A Parcel to which service has been discontinued will be re-connected upon the filing of a new application together with the payment of all fees and the upgrade of all District facilities affected by the re-connection as required by District Regulations.
2. If any one of the following, but not limited to, conditions exists on an Applicant's Parcel, the District will require an upgrade of the existing service before reconnection to the District Water System will be permitted:
  - (a) An improvement on the Parcel requires an increase in water pressure or quantity. The District's increase of water pressure or quantity determination shall be based on the quantity of added water use facilities to be installed as a result of the improvement. The Applicant's engineer shall submit to the District a record of all the plumbing fixtures and flows required to serve all existing and proposed improvements on the Applicant's Parcel. Based on this information, the District shall determine if the existing service is adequate to serve the Premises. The District shall use AWWA Standards to determine the adequacy of all services and the consequent need for upgrades.
  - (b) An improvement on the Parcel requires increased water pressure or quantity in order to meet fire demand as computed under the fire suppression rating schedule, published by the California Fire Code (Edition 2013, or latest edition).
  - (c) An improvement changes a multiple unit Premises from master-metered to individually-metered units.
3. In those cases when service has not been interrupted but the Parcel has been improved, the provisions and requirements of Regulations Nos. 7 and 9 hereof shall apply if any one of the conditions described above in subparagraph 2 exists.

### D. Application for Service

1. The District will not provide or continue service to any Parcel unless the present Landowner has filed an Application for Water Service with the District.
2. Application for service shall be made in writing on forms provided by the District and signed by the Landowner.
3. Applications shall be supported by plat maps and a legal description of the Parcel, and a project description that includes construction type and number of living units, plan of water distribution, project approval by the appropriate fire service district, the planned service date, the name and billing address of the Landowner, the domestic water requirements in gallons per minute, and the total fire-flow

requirements, as well as the location of existing and/or proposed fire hydrants to meet applicable fire-flow requirements.

4. The failure of an Applicant to request the connection of his or her Parcel to the District Water System within one year of the District's Plan Approval shall automatically terminate the application and entitle the Applicant to the return of all fees paid except the plan check fee, any annexation fee, and other fees as described in Subsection G hereof. A request for refunding of fees shall be made in writing to the District.
5. The Applicant must deposit with the District, on or before the Plan Approval date, an amount equal to the cost of all Extension Facilities proposed to be constructed by the District, together with all service charges, fees, and Facilities Development Charges in effect on the date of the Final Approval.
6. Any decision by the District's staff concerning an application for service is appealable to the District Board of Directors or the Board's Facilities and Operations Committee. An Applicant's appeal must comply with the applicable requirements provided in Regulation 17, Procedures for Variance Application.
7. In situations where a retail municipal water supplier must allocate service connections due to supply limitations, Government Code section 65889.7 requires the District to provide a service priority to proposed residential developments that include units affordable to lower income households, as such are defined in Health & Safety Code sections 50052.5, 50053 and 50079.5. The District currently has sufficient supplies to serve all anticipated new demands and given its largely built-out condition, expects to have sufficient supplies to meet all future new demands. If, however, an allocation of new services becomes necessary, the following states the District's low income housing priority policy. An application for service to a proposed development that includes housing units affordable to lower income households, as defined by Government Code section 65589.7(d)(1), shall not be denied, conditionally approved, or the amount of service applied for reduced without specific written findings that the denial, condition, or reduction is necessary due to one or more of the following:
  - a. The District does not have "sufficient water supply," as defined in paragraph (2) of subdivision (a) of Section 66473.7, or is operating under a water shortage emergency or distribution capacity to serve the needs of the proposed development, as demonstrated by a written engineering analysis and report;
  - b. The District is subject to a compliance order issued by the State Department of Public Health that prohibits new water connections;
  - c. The Applicant has failed to agree to reasonable terms and conditions relating to the provisions of service generally applicable to development projects seeking service from the District, including, but not limited, the requirements of local, state, or federal laws and regulations or payment

of a connection fee or capacity charge imposed pursuant to Government Code section 66013.

In accordance with Water Code section 10631.1, the District will include in its Urban Water Management Plans projections of water use by single- and multiple-family housing needed for low income families.

E. Water Main Sizes

1. The size of water mains to be installed in accordance with this Regulation 7 shall be in compliance with District Standards, Section D - Design Standards.
2. Whenever Extension Facilities are required to be installed in accordance with this Regulation 7, the District may require, in accordance with its approved Master Plan and for the purposes of public convenience, necessity, and safety, the installation of an Up-Sized Line. Whenever the District requires the installation of an Up-Sized Line, the line shall be designed in accordance with one of the following procedures at the District's option:
  - (a) An Applicant, with approval from the District, shall have his or her engineer design the Up-Sized Line. The Applicant shall competitively bid and in accordance with the lowest responsive and responsible bid, construct the extension facility in accordance with the following conditions:
    - (1) The Applicant's engineer will prepare a spreadsheet detailing the Applicant's cost of installation of the line size required in accordance with provisions of District Standards, Section D - Design Standards.
    - (2) The Applicant's engineer will prepare a spreadsheet detailing the cost of the installation of the Up-Sized Line.
    - (3) The Applicant's engineer shall design plans and specifications for both the main size required in accordance with District Standards and Regulations and the Up-Sized Line. The design of the water mains shall be according to District Standards with plan review, revisions, and Plan Approval by District staff.
    - (4) The District shall pay to the Applicant, when the job is completed and accepted by the District, the difference in cost between the cost of the Up-Sized Line based on the lowest responsive and responsible bid and the cost of the installation of the line of the size required to adequately serve his or her Parcel, based on the average of the three lowest responsive and responsible bids. The District shall pay for the Up-Sized Line in accordance with Regulation 9, Section L.
    - (5) The Applicant shall pay to the contractor the full cost of the main installed.



- (6) The Applicant shall pay all of the District's fees, charges and costs required for the installation of the water main.
  - (7) The Applicant shall comply with all applicable regulations of the District and any amendments adopted from time to time by the Board of Directors.
- (b) The District shall design plans and call for separate bidding to construct the Extension Facilities as follows:
- (1) District staff will prepare spreadsheets detailing the cost of installing the line size required in accordance with District Standards, Section D - Design Standards.
  - (2) District staff will prepare spreadsheets detailing the cost of installing the Up-Sized Line.
  - (3) The Applicant shall pay to the District the full cost of the installation of the line of the size required to adequately serve his or her Parcel, based on the average of the three lowest responsive and responsible bids, and the District will pay the difference for the cost of the Up-Sized Line as contained in those bids. Applicant's payment to the District shall be no later than 30 calendar days after the District has awarded the project.
  - (4) The Applicant shall comply with all District Standards and Regulations and any amendments adopted from time to time by the Board of Directors.

F. District Final Plan Approval

The date of the District's final Plan Approval is defined as that date when the District shall, after receipt of all applicable fees, charges, applications and grants of easements, date and sign the Applicant's plans as approved for construction, or where no Extension Facilities are required, on that date when the District shall, after receipt of all applicable fees, charges, application and grants of easements, approve and date the said application. Should Applicant not obtain District's approval of his or her plans, the Applicant shall not be allowed to connect to the District Water System until he or she has obtained final Plan Approval. The District's Final Plan Approval is subject to all time limits and other restrictions provided in this Regulation 7 and such approval does not create any vested right in an Applicant except to the extent provided herein.

## G. Expired Plans/Un-Built Projects

If construction of the required extension has not begun on the one-year anniversary date of Plan Approval or the District receives a written statement from an Applicant that the project will not be built, the District shall deem the plans void. The District will refund collected fees upon the Applicant's written request, except for plan review, hydrant permit, construction water, annexation, and fire hydrant flow test fees. Should an Applicant resubmit plans for approval, the District will review the plans in accordance with District Standards, this Regulation 7 and Regulation 9. New and/or additional fees will be calculated and assessed for review of resubmitted plans. New Plan Approval shall be per Section F hereof.

## H. Charges for New or Improved Service Connections

### 1. Plan Check Fee

A charge shall be assessed by the District for the review of the Applicant's construction plans for new or improved water service. The charge will be assessed at the rate established per hour for each District employee assigned to the review. In addition, the District may charge staff time or consultant fees at cost for any additional services required as part of the review, including but not limited to, hydraulic analyses, site verification, and research. The District shall estimate the cost of reviewing such plans and notify the Applicant of the estimated costs for the services required. The Applicant shall deposit with the District the estimated plan check costs as a condition precedent to plan review. In the event that the actual cost for plan checking incurred by the District exceeds the amount deposited, the Applicant shall pay the excess fees due to the District before final Plan Approval. The charge for Plan Review shall be in accordance with Regulation 3, Section Q.

### 2. Service Line Charge

The District charge for the installation of a new metered water service line from the existing water main to an Applicant's Parcel shall equal the District's actual cost of materials, installation, labor, equipment, and normal overhead charges. .

### 3. Service Line Relocation

The District charge for the relocation of a service line from the existing water main to an Applicant's Parcel (which will be relocated according to District Standards) shall equal the District's actual cost of materials, installation, labor, equipment, and normal overhead charges.

### 4. Water Meters

District charges for installing and setting water meters will consist of the District's actual cost of materials, labor, equipment, installation, and overhead. The

installation of a metered New Service shall be charged according to Section H.2 of this Regulation 7, provided that all applicable conditions of the District's Regulations have been satisfied.

5. Facilities Development Charge

To cover a portion of the District's costs incurred for the installation of wells, pumps, and storage and treatment facilities, and to provide a fund for reimbursement of a portion of Customers' costs of Extension Facilities pursuant to Regulation No. 9, Section A, a Facilities Development Charge will be imposed in accordance with the following schedule for each new or improved service:

Meter Size	Facilities Development Charge
5/8"	\$4,056.00
3/4"	\$6,085.00
1"	\$10,141.00
1 1/2"	\$20,282.00
2"	\$32,452.00
3"	\$64,903.00
4"	\$101,411.00
6"	\$ 202,823.00
8"	\$365,081.00
10"	\$486,775.00
12"	\$684,527.00

- (a) Each year the Facilities Development Charges will be adjusted utilizing the model from the most recent rate study. Staff will update the model data, assumptions and parameters and calculate the new FDC values.

The effective date of the recalculated Facilities Development Charges will be April 1<sup>st</sup>. A comprehensive review and update of Facility Development Charge methodology shall occur at least every five years.

- (b) In the event that the Facilities Development Charge assessed to the Applicant impose a financial burden on his or her project, the Applicant may request that the District enter into a deferred payment plan on the all of following terms:

- (1) The written application includes a request for deferment of the payment of all or part of the Facilities Development Charge.
- (2) The District Board of Directors must approve the request.
- (3) The request is accompanied by a surety bond or an irrevocable letter of credit in an amount equal to the Facilities Development Charge imposed on the Applicant as specified above, and the specified security is issued by a surety or financial institution authorized to do business and in good standing with the appropriate agency of the State of California.
- (4) The deferment request is accompanied by an executed Contract on a form provided by the District, which Contract includes the provisions of this subsection and provides for the payment of such Facilities Development Charge as may be in effect on the date of payment, together with interest at the legal rate. The Contract also will provide that the Applicant will pay the Facilities Development Charge in full no later than a date that is no more than 12 months from the date of the filing of the Service Application with the District.
- (5) The written application and accompanying plans must comply with all applicable District Standards, Ordinances, and Regulations.
- (6) The deferment rights granted to an Applicant, if any, are not assignable except upon the District's written consent.

#### 6. Supervision and Inspection Charges

A charge shall be assessed for District supervision and inspection of water system improvements. At the time of service application, the District will estimate the minimum cost for District supervision and inspection of the proposed water system improvements, which the Applicant shall deposit with the District in advance of Plan Approval, in addition to all other charges owing under the District's regulations. In the event that actual supervision and inspection costs for supervision and inspection incurred by the District exceed the amount deposited, the Applicant will pay the excess fees due to the District as a condition precedent to final District acceptance of the water system improvements and connection of service. Should any additional costs be required due to damage to District facilities by Applicant's contractor during construction, the cost shall be billed separately to the contractor. The contractor's payment of billed damages shall be due as a condition of commencing water service and final District acceptance of the improvements. The charge for Supervision and Inspection shall be in accordance with Regulation 3, Section R.

Should the need for an inspection occur weekdays between 4:30 p.m. and 8:00 a.m. the following day, or on weekends or holidays, the requested inspection shall be

scheduled through the District to ensure the availability of personnel for the time requested. Overtime costs for inspections outside of normal business hours by District personnel shall be calculated and paid by the Applicant in advance of scheduling the after-hours work. The overtime charge shall be at least one and one-half (1½) times the standard hourly rate for inspection.

7. Fire Hydrant Flow Test

When requested by the local fire agency having jurisdiction over a project within the District, a fire hydrant flow test will be performed to determine the flow available at the test date. The flow test will only demonstrate the pressure and distribution capabilities at the time and under the conditions existing when the test is performed. The District will not guarantee that the flow test results obtained will be consistent with flows available at all times and under all conditions.

Flow tests will be performed either in the field or using the District's water model. Tests will be performed by District staff as time allows but not to exceed 4 weeks after a request is made. For design purposes, fire flow tests using the water model will be run with the most conservative assumptions reasonable in order to establish the projected worst case conditions prevailing in the District's water system.

A charge will be assessed for the District to supervise and perform the test and to provide written results. The charge shall be in accordance with Regulation 3, Section S.

8. Bacteriological Testing

After installation and disinfection, the District will sample all new Extension Facilities and have the sample tested by a certified laboratory for bacteria. The Extension Facilities will be super-chlorinated and flushed using at least three times the volume of water in the facilities before bacteria testing is to begin. After flushing is complete, the first set of bacteria testing will be collected from the Extension Facilities. Twenty-four (24) hours after the first collection, a second set of bacteria testing will be collected. If the new Extension Facilities fail to meet applicable federal, state and local bacteriological standards, the Applicant will be responsible for re-disinfecting and re-testing those facilities until they pass. A charge for this test and any required retests will be assessed in accordance to Regulation 3, Section J.

9. Backflow Prevention Assembly Test Charge

A charge will be assessed for the District to test all Backflow Prevention Assemblies as part of a new development to verify the operating status of each such device. If a Backflow Prevention Assembly does not pass the first inspection, the Applicant will be required to repair the Backflow Prevention Assembly and re-test it at the Applicant's expense. Each backflow test charge shall be in accordance with Regulation 3, Section D.

## 10. Environmental Document Charge

Whenever the District determines that an environmental impact report or other environmental document is required for a proposed Extension Facility necessary to serve an Applicant's Parcel, the District will estimate the cost of preparing such a document, including overhead expenses, preparation, and hearings. In addition to all other costs that may be due to the District for provision of service, the Applicant shall deposit with the District the estimated Environmental Document Charge as a condition precedent to the District's approval of an environmental document. In the event that the actual cost to prepare an environmental document exceeds the amount deposited, the Applicant will pay the excess amount before Final Approval. If the deposit exceeds the cost, the District will refund the balance.

In the event that the Applicant delivers to the District a certified copy of an environmental document duly approved and filed by the County of Sacramento relevant to the Applicant's Parcel, the District may determine, in its sole discretion, that the provisions of this paragraph do not apply.

## 11. Furnish-Only Fees

Meters, as shown on the standard detail drawing of the District Standards, are required on all new or improved Service Connections and shall be Furnish-Only Materials by the District. The District will charge fees for Furnish-Only Materials to an Applicant in accordance with the number, the cost, and the District's inventory and overhead cost for furnishing the required Meter(s).

## I. Water Service

The District shall make water service available to an Applicant's new or improved Service Connection subject to the following terms and conditions:

1. No service shall be granted or continued unless an Applicant has filed an application for service on a District-furnished form.
  - (a) All new construction, improved Parcels, and replacement mains shall have a Meter installed on the Principal Boundary no more than one foot behind a sidewalk or curb.
  - (b) Monthly water billing shall be computed on actual consumption based on the Metered Rates in Regulation No. 3.
  - (c) A separate Service Connection and Meter shall be installed on each Parcel. A separate Service Connection may include multiple meters except as otherwise limited by this Regulation 7.
  - (d) If a Parcel is found to be served by more than one Service Connection, it will be at the sole discretion of the District, in consultation with the Customer, to determine how the parcel will receive water through a metered

connection(s). The owner of the parcel will be responsible for the cost of any changes to the service configuration, including the abandonment of any existing unused Service Connection or the upgrade to District current standards of additional Service Connections as determined necessary by the District.

- (e) The minimum water service size for a new residential Service Connection shall be one inch in diameter.
  - (f) No more than one Service Connection per Single Family Residential Parcel will be permitted unless otherwise determined by the District.
  - (g) Each residential unit is required to have its own District-approved Service Connection.
  - (h) A separate metered irrigation service shall be required for all non-residential units.
  - (i) No credit will be allowed for vacancies in multiple family residential units.
  - (j) All non-residential services and multi-family residential structures containing 5 or more units fed from a single connection services shall have water meters with an approved Backflow Prevention Assembly.
2. Use of a 5/8" meter shall be limited to multi-family residential units fed by a single water service such as, but not limited to, duplexes, triplexes, fourplexes, apartment buildings with five or more residential units, and condominiums.
3. Voluntary Meter Installation on an Existing Residential Service
- (a) At a Customer's request, the District will install a permanent Meter on an existing un-metered Service Connection for a residential Parcel at no direct charge. However, should the Parcel be within a current main replacement project area that is scheduled for a new water service installation a new meter will be installed only after the installation of the new water main.
  - (b) Upon installation of a Meter, the District will compute and charge the Parcel's water bill based on actual consumption at the Metered Rates stated in Regulation No. 3.

#### J. Connection to Facilities Extended by District

1. If an Applicant for water service to a Parcel fronting Extension Facilities built with District funds desires to connect to such facilities, he or she shall deposit with the District, together with a New Service application, a portion of the total cost of designing and installing the Extension Facilities. The Applicant's cost share shall be determined by comparing the length of the Applicant's frontage along the right-of-way in which the water service facilities will or have been located to the total combined frontage

along said right-of-way of all Parcels served by the Extension Facilities. The District also will calculate and charge all other applicable fees and charges established by District Regulations.

2. If an Applicant chooses, payment of the costs and charges to connect to District-constructed Extension Facilities as defined in Regulation 9, Section A may be deferred for a period not to exceed 12 months from the date on which the District approves the Application for Water Service, provided:
  - (a) The Applicant requests the District defer the charges in writing before the date the application is approved, and
  - (b) The full amount of such fees and charges together with interest thereon at the legal rate is guaranteed by a surety bond issued by a surety company acceptable to the District, and the Applicant executes an agreement to make such payment together with interest at the legal rate within the 12-month deferment period, and
  - (c) The deferment is not transferable.
3. Reimbursement for eligible costs of Extension Facilities as defined by Regulation 9, Section A will not be made until all connection charges have been paid by the Applicant.

#### K. Abandonment of Service Line

The District charge for the abandonment of an existing water service from the existing water main to the Applicant's Parcel shall equal the District's actual cost of materials, labor, equipment and normal overhead charges. The charge for service abandonment shall be in accordance with Regulation 3, Section T.

#### L. Existing Services

All Service Connections that are not directly affected by an improvement, but which exist on a Parcel to be improved, shall be upgraded to current District Standards if the Landowner intends to use such service(s) in the future. If the unaffected Service Connection(s) will not be used, the Landowner shall be required to abandon such service(s) in accordance with District Standards. This requirement applies to all services that serve other buildings or appurtenances on the Parcel being improved.

District-required upgrades of existing Service Connection(s) shall include, but are not limited to, repair, upgrade and/or replacement of existing facilities to current District Standards.

Credit will be given for existing unused services on improvement projects affecting the Parcel. Credit will be given in the amount of the existing Facilities Development Charge on the Plan Approval date, subject to abandonment of the unused Service Connection(s) as



required herein. Credit will only apply to new Facilities Development Charges and will not exceed the total for the project.

M. Existing Services on Split Parcels

After a parcel split, the existing service will serve only the Parcel on which it is installed. If any unserved portion of a split Parcel will be developed, the Landowner shall be required to install a New Service on such Parcel in accordance with all applicable District Standards, Ordinances, and Regulations.