

# **RURAL WATER DISTRICT NO. 7 JOHNSON COUNTY, KANSAS**

## **SUBDIVISION DEVELOPMENT POLICY**

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### **Introduction:**

The purpose of this policy is to balance subdivision developers' needs to secure an assured source of water to a subdivision and development at a reasonable cost against the District's cost of obligating that service without the purchase of Water District benefit units and receipt of monthly fees for that obligated service.

1. If a developer desires to obligate Water District water service to a proposed subdivision, the District's Water Main Extension Policy will be the guide for the type and size of water main installation required and the developer's obligation for payment of construction of such improvements.

2. If a developer desires to obligate water service to that subdivision, the developer shall elect one of two alternatives for the reservation of that service.

### **Option A**

The developer can purchase all benefit units needed for that phase of the subdivision at the time of final approval of the plat and acceptance by the Water District's board of directors of service availability to the platted subdivision.

### **Option B**

The developer may pay a nonrefundable fee for the reservation of future water service to each such lot. This fee may be adjusted by the Board of Directors of the Water District. It is the net present value of current cost versus future cash flow based upon parameters assumed, and determined exclusively, by the Board of Directors. Those parameters are as follows:

- Wall Street Journal Prime Index plus 200 basis points
- Current Residential Benefit Unit Price
- Estimated number of months to sell all lots per phase
- Number of Lots in the development, or phase

(Currently those variables are 7.50%, \$5,500 and 36 months respectively. The number of lots in the development will be the actual number of services to be reserved.)

Upon election of either Option A or Option B by the developer, and payment of the appropriate amount, the Water District shall obligate and reserve water service to the subdivision (or the applicable phase thereof).

Certain subdivisions may require improvements and/or extensions to the Water District's water system external to the subdivision. At the time that the benefit units are purchased to serve the lots within the subdivision (or the applicable phase thereof), the board of directors of the District may opt to apply, at the board's sole discretion, from 0% to 100% of the benefit unit purchase price to such external improvements and/or extensions. The board's decision shall be guided by the following factors:

1. Whether the improvement or extension is part of the District's capital improvements plan;
2. The extent to which the improvement or extension will improve service to existing customers of the District;
3. Whether the improvement or extension can be made in conjunction with an existing or planned project of the District so that, if done together, some savings may be realized by the District on its project;
4. Other factors as determined by the board of directors of the District.

The District will not use any portion of benefit unit fees to pay for external improvements to provide or enhance fire protection to the subdivision.