

ORANGE WATER AND SEWER AUTHORITY

POLICY ON THE EXTENSION
OF WATER SERVICE

PURPOSE: The water extension policy sets forth principles and guidelines for extension of water service and for attachment to the water mains and facilities of the Orange Water and Sewer Authority.

BACKGROUND: An integral part of the operation of the Orange Water and Sewer Authority is extension of water service from existing facilities or construction of new facilities. This extension of service may consist of 1) construction of new mains, service lines, booster stations and other appurtenances necessary to serve a property or 2) connection of a water service lateral to the main water lines of the Authority.

POLICY: The extension of water service from the system of the Orange Water and Sewer Authority shall:

1. Be in accordance with the Authority Water Extension Regulations, Authority Specifications and the Authority Schedule of Rates and Fees.
2. Reflect the principles and policies of the land use plans of respective local governmental unit.
3. Be made in a manner to appropriately serve individual customers and to allow for future orderly development of the water system to serve other customers in accordance with policies of the Orange Water and Sewer Authority.
4. Be in accordance with other policies of the Board of Directors such as policies on extending water and sewer lines or service into University Lake watershed.

The Authority shall be responsible for maintenance, operation, and control of all water distribution facilities dedicated and accepted by the Authority and may from time to time contract to provide maintenance or operation of water distribution facilities owned by others.

The Authority shall set standards for design, location, materials and construction for water system components to be served or be a part of the water utility system.

Applicants, whether as the benefiting party or acting as the developer of a subdivision, commercial or industrial property shall be responsible for:

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1. The cost of installing all water system components within or by their property.
2. The costs of connecting water mains between their properties and the existing water distribution system and/or improvement of existing mains, booster stations and appurtenances.
3. The initial financing of service extensions both inside and outside the property of the applicant with reimbursement to the applicant for costs in excess of their proportionate share as provided by reimbursement policies of the Authority.
4. Providing easements and rights-of-way sufficient for the construction, operation, repair and expansion of the water system, including sufficient isolation from adjoining facilities within or without the boundaries of such easement or right-of-way.

AUTHORIZATION : The Executive Director is authorized and empowered to direct on behalf of the Orange Water and Sewer Authority extension of water service as provided under this policy, to establish regulations for the implementation of this policy and without further authorization by the Board of Directors to take administrative actions for the security and control of the system of Orange Water and Sewer Authority.

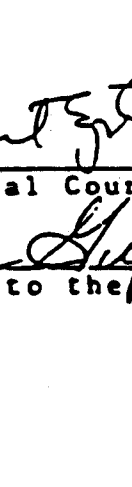
The Executive Director is authorized to withhold or terminate water service for noncompliance by the party with the policies and regulations of the Authority. Where unusual circumstances exist, the Executive Director may request that the Board of Directors make the determination on extension of water service or extension of the water system.

Reviewed by General Counsel: 3/8/90
Date



General Counsel

Adopted by the Board: 1/25/90
Date



Clerk to the Board

ORANGE WATER AND SEWER AUTHORITY
WATER SERVICE EXTENSION REGULATIONS

I. PURPOSE

The purpose of this regulation is to set forth for the Orange Water and Sewer Authority (the Authority) the conditions regulating the extension of water service and the attachment to the mains and facilities of the Orange Water and Sewer Authority as provided under the Policy for Extension of Water Service adopted by the OWASA Board of Directors on January 25, 1990.

II. GENERAL PRINCIPLES

A. The extension of water service from the system of the Authority shall be in accordance with the policies, standards and fees established by the Orange Water and Sewer Authority.

B. Extension of service consists of:

1. the connection of a service lateral to the water main and the setting of a meter assembly.

2. construction of new water mains, tanks and booster stations to serve property.

III. GLOSSARY

WATER MAINS - The water mains are the collection of pipes usually six inches in diameter or greater through which water is distributed or transported. The water mains are owned and maintained by the Authority.

WATER SERVICE LATERAL - The water service lateral is the pipe which connects from the tap on the water main to the water meter setting. In the OWASA system, the lateral is owned and maintained by the Authority.

METER SETTING - The meter setting is the assembly which houses the water meter. The setting usually consists of the meter setter, the meter and the meter box or vault. In the OWASA system, the meter setting is owned and maintained by the Authority.

BOOSTER STATION - The booster station is the water system appurtenance which pumps water from a lower elevation pressure to a higher elevation pressure. Booster stations are usually used to increase water pressures within the distribution system.

IV. EXTENSION OF WATER MAINS

Extension of water mains shall meet the following requirements:

A. Approval By Local Government & Agencies

Prior to installation of any facilities the applicant for service shall provide to the Authority certification and/or documentation that the proposed property to be served has been approved by the appropriate political subdivision and/or regulatory agencies having review authority.

B. Review By The Authority

All installations shall meet minimum specifications set by the Authority. The specifications shall include the size of all lines, their location, grade, materials used, manner of installation and such other specifications deemed necessary by the Authority.

C. Approval by Regulatory Agencies

Prior to approval by the Authority the construction drawings and specifications for the extension of water service must be submitted to and reviewed by the appropriate regulatory agencies. These agencies may include but are not limited to the Department of Transportation, the Division of Environmental Management, the Division of Health Services, the Division of Land Quality, and the U.S. Army Corps of Engineers.

D. Approval by the Authority

Construction shall not commence until approval has been given in writing by the Authority to specifications shown on detailed construction drawings prepared by an engineer registered in the State of North Carolina. This approval will be granted by the Authority after it has received notification of approval by the various regulatory agencies.

E. Construction

The standard minimum size line for the public water main is eight (8) inches in diameter. Smaller lines (such as in short loops) will be permitted only with the express approval of the Authority when smaller lines are not restrictive to necessary fire flows or do not impair the flow in the water distribution grid.

Any addition to the system must extend through or across the entire frontage of the applicant's property and with adequate provisions including easements, rights of way, etc. for laterals or extensions as required to support future development and extensions of the system.

Extension of water mains shall be performed by an independent contractor under contract to the Authority or to the applicant complying with the Authority's Standards and Specifications for Water Distributions and Wastewater Collections Systems with all work subject to inspection and approval by the Chief Engineer or his authorized agent.

If in the judgment of the Chief Engineer there is demonstrated a lack of competent supervision of a contractor, the Chief Engineer may, upon approval of the Executive Director (1) halt work until approved supervision is obtained and the work done in accordance with approved specifications or (2) provide constant construction observation by Authority personnel at the expense of the applicant.

The applicant is solely responsible for the design and construction of the project. The applicant may be required to modify, rearrange or do over any work to bring it in conformity with Authority's Standards and Specifications. Construction observation by the Authority does not imply supervision and/or acceptance of the work.

F. Rights-Of-Way

Water mains will be installed only in dedicated streets, roadways, or rights-of-way secured by encroachments or recorded easements or license. The applicant for service is responsible for providing or securing the necessary encroachments and easements required for installation of facilities. Easements necessary to serve

the project and allow for the orderly development and expansion of the water system shall be dedicated in behalf of the Authority.

G. Ownership and Control

All water mains constructed and connected with the facilities of the Authority under the policies stipulated herein shall be conveyed to and become the property of the Authority upon completion and acceptance. Connection to the system and acceptance by the Authority shall constitute dedication of a water main extension by the applicant but the applicant may be required to furnish to the Authority documentation of specific conveyance.

The Authority shall have exclusive control of all such lines and shall be responsible for their maintenance, repair and operation.

H. Warranty

The conveyor of an extension to the system shall guarantee the entire project against defective material and workmanship and consequential damages resulting therefrom for a period of twelve months from the date of completion of the construction. Prior to acceptance by the Authority of any fees for the connection of service, the conveyor must supply to the Authority a letter of credit in an amount equal to 5% of the total extension construction cost or such other amounts as the Authority may require.

I. System Expansion

Requirements herein do not preclude the use or extension of mains by the Authority for the expansion and orderly development of the system. The Authority shall have the right to make, or allow to be made, additional extensions of a water main beyond or laterally from the extension.

V. SERVICE CONNECTIONS

A. Service

Each lot or parcel to be served shall have a public water main extended on or immediately adjacent to such

property at a location secured by a utility easement or franchise on behalf of the Authority in such a manner that the water lateral serving the property may be tied directly into the public water main.

B. Installation

Taps into the public water mains for service will be made only by Authority personnel. Installation of the water lateral line from the public water main tap to the house side of the meter, including furnishing and setting the meter, will be by the Authority. The normal location of the meter will be at the curb or property line.

Taps, lateral lines and meter settings onto water mains being extended by the applicant which are not part of the public water system and have not been accepted by the Authority will be completed by the contractor as part of the water main extension.

All meters, regardless of size, are to be purchased from the Authority.

B. Stub Out and Subsequent Connection

To avoid future cutting of street surfaces where water service is not immediately desired, the service line may be stubbed out to the property but the meter not set until service is desired and the appropriate connection fees have been paid to the Authority.

D. Codes

Customer's facilities shall be installed in accordance with the North Carolina State Plumbing Code and operated in a manner to prevent backflow and possible contamination of the water supply. In addition, the Cross Connection Control Policy of the Authority will apply as circumstances dictate.

VI. FEES

A. General

Fees and charges shall be made in accordance with the current schedule of rates and fees adopted by the Authority Board of Directors.

B. Availability Fees

1. Purpose

The purpose of this charge is to recover a portion of the cost associated with providing water system facility capacity. This charge is applicable to each connection to a water line regardless of who may have paid for the installation of the line to which the connection is made.

2. Applicability

Availability charges are composed of two factors: the size of the property and the demand on the system as represented by the water meter size. All lands not requiring water service and dedicated to public use such as for streets, highways, alleys, parks, playgrounds and recreation areas associated with public schools shall be excluded from the total acreage against which the fees apply as long as the properties continue in such exempt uses. Unusual and unique circumstances with minimal impact on the water facilities may be eligible for a variance based upon an evaluation by the Chief Engineer and approval by the Executive Director.

The owner of any large tract or parcel of land exceeding three acres in size and on which there is but one residential dwelling unit may, upon the approval of the Authority, by recorded plat designate a lot containing the dwelling of not less than three acres in area against which the acreage fee will apply.

C. Footage Charge

1. Purpose

The purpose of this charge is to defray, in part, the cost of installing water mains, valves, fire hydrants, etc. which are necessary to provide water service to abutting properties and which have been provided at the expense of the Authority or persons, firms or corporations other than the applicant.

2. Applicability

A Footage Charge for each separate connection to an existing water main shall be paid by each applicant who wishes to secure service therefrom, which charge shall be paid prior to the approval of the application for a service connection; provided, however, that in any instance where satisfactory evidence shows that an applicant for a connection has paid the cost of installation of the main to which the connection is to be made, either by installing the main at his expense and then conveying same to the Authority (or its predecessors) or by reimbursing the Authority (or its predecessors) for the cost of such main, the Footage Charge shall be waived.

3. Computation

1. The footage charge shall be computed on the basis of the footage of the property abutting the line. On lots abutting two or more streets in which lines are installed, the footage shall be based upon the longest side.

2. The minimum frontage for each metered connection shall be that for property with 50 feet frontage, regardless of actual frontage.

3. When a line passes through a tract which may be served to either side from the line, the front footage and acreage fees shall apply separately to each side.

D. Meter Installation Charge

1. Purpose

The purpose of this charge is to recover costs of extending service from the distribution system to individual properties, and including the installation of a service connection from the water main to the curb or property line and the setting of a meter within the premises, subject to satisfactory easement or license being provided by the applicant. Where a suitable stub-out for service has been made and is available, the "meter-only" charge will apply.

2. Applicability

The applicable charges shall apply as set forth in the Schedule of Rates and Fees adopted by the Authority's Board of Directors.

VII. PAYMENTS

All fees and payments due the Authority should be made at the following address:

Orange Water and Sewer Authority
Customer Relations Department
400 Jones Ferry Road
P.O. Box 366
Carrboro, North Carolina 27510

VIII. INTERPRETATION AND REVISIONS

These regulations are pursuant to the Water System Extension Policy adopted by the Orange Water and Sewer Authority's Board of Directors and incorporated by reference as a part hereof.

Implementation and interpretation of the Water System Extension Regulations are the responsibility of the Executive Director and the administrative staff. The Executive director is authorized to establish and implement regulations for the extension of the water system. Such regulations are to be uniformly and equitably implemented but deviations may be approved by the Executive Director for unusual technical situations.

IX. APPEALS

The appeal of decisions or interpretations of the Executive Director regarding the implementation of the Water System Extension Policy may be made in writing to Authority. The appeal should state clearly and specifically the relief sought and reasons therefore.

X. APPENDIX

A. OWASA Schedule of Rates and Fees

B. OWASA Standard Specifications for Water Distribution and Wastewater Collection Systems

C. OWASA Policy on Reimbursement for Costs of Contributed Capital Facilities

D. OWASA Policy on Assessment Costs

E. Procedures for the Approval of Water and/or Sewer Extension Projects

January 25, 1990



ORANGE WATER AND SEWER AUTHORITY

POLICY ON THE EXTENSION OF SEWER SERVICE

PURPOSE: The sewer extension policy sets forth principles and guidelines for extension of sewer service and for attachment to the sewer mains and facilities of the Orange Water and Sewer Authority.

BACKGROUND: An integral part of the operation of the Orange Water and Sewer Authority is extension of sewer service from existing facilities or construction of new facilities. This extension of service may consist of 1) construction of new collectors, interceptors, mains, pump stations and other appurtenances necessary to serve a property or 2) connection of a private sewer lateral to the main sewer lines of the Authority.

POLICY: The extension of sewer service from the system of the Orange Water and Sewer Authority shall:

1. Be in accordance with the Authority Sewer Extension Regulations, Authority Specifications and the Authority Schedule of Rates and Fees.
2. Reflect the principles and policies of the land use plans of respective local governmental unit.
3. Be made in a manner to appropriately serve individual dischargers and to allow for future orderly development of the sewer system to serve other dischargers in accordance with policies of the Orange Water and Sewer Authority.
4. Be in accordance with other policies of the Board of Directors such as policies on extending water and sewer lines or service into University Lake watershed.

The Authority shall be responsible for maintenance, operation, and control of all sewerage facilities dedicated and accepted by the Authority and may from time to time contract to provide maintenance or operation of sewerage facilities owned by others.

The Authority shall set standards for design, location, materials and construction for sewer system components to be served or be a part of the wastewater utility system.

Applicants, whether as the benefiting party or acting as the developer of a subdivision, commercial or industrial property shall be responsible for:

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1. The cost of installing all sewer system components within or to a point which is adjacent to their property.
2. The costs of connecting sewer mains between their properties and the existing wastewater collection system and/or improvement of existing mains, pump stations and appurtenances.
3. The initial financing of service extensions both inside and outside the property of the applicant with reimbursement to the applicant for costs in excess of their proportionate share as provided by reimbursement policies of the Authority.
4. Providing easements and rights-of-way sufficient for the construction, operation, repair and expansion of the sewer system, including sufficient isolation from adjoining facilities within or without the boundaries of such easement or right-of-way.


AUTHORIZATION : The Executive Director is authorized and empowered to direct on behalf of the Orange Water and Sewer Authority extension of sewer service as provided under this policy, to establish regulations for the implementation of this policy and without further authorization by the Board of Directors to take administrative actions for the security and control of the system of Orange Water and Sewer Authority.

The Executive Director is authorized to withhold or terminate sewer service for noncompliance by the party with the policies and regulations of the Authority. Where unusual circumstances exist, the Executive Director may request that the Board of Directors make the determination on extension of sewer service or extension of the sewer system.

Reviewed by General Counsel: 3/8/90
Date


General Counsel

Adopted by the Board: 1/25/90
Date


Clerk to the Board

ORANGE WATER AND SEWER AUTHORITY
SEWER SERVICE EXTENSION REGULATIONS

I. PURPOSE

The purpose of this regulation is to set forth the conditions and standards for the extension of sewer service and the attachment to the mains and facilities of the Orange Water and Sewer Authority as provided under the Policy for Extension of Sewer Service adopted by the OWASA Board of Directors on January 25, 1990.

II. GENERAL PRINCIPLES

A. The extension of sewer service from the system of the Authority shall be in accordance with the policies, standards and fees established by the Orange Water and Sewer Authority.

B. Extension of service consists of:

1. construction of new sewer collectors, interceptors, mains, pump stations and appurtenances to serve the property.

2. the connection of a private sewer lateral to the main sewer line.

III. GLOSSARY

SEWER LATERAL. The sewer lateral is the pipe which connects the building to the collector sewer located in the street. It is usually four inches in diameter. In the OWASA system, the sewer lateral is owned and maintained by the property owner.

SEWER COLLECTOR. The sewer collector is the pipe which receives wastewater from one or more sewer laterals. The minimum diameter of the collector sewer is eight (8) inches. The collector sewer is owned and maintained by the Authority.

SEWER MAINS. The sewer main is the pipe which receives wastewater from one or more collector sewers. The term is herein used to mean interceptors, mains and collector sewers.

SEWER INTERCEPTOR. The interceptor sewer is the pipe which receives wastewater from the sewer mains and collectors and conveys it to the wastewater treatment

plant. The interceptor sewer is owned and maintained by the Authority.

PUMP STATION. The pump station (also called lift station) is the sewer appurtenance which pumps the wastewater from a sewer main of lower elevation to a sewer main of higher elevation.

IV. EXTENSION OF SEWER MAINS

Extension of sewer mains shall meet the following requirements:

A. Approval By Local Government & Agencies

Prior to installation of any facilities the applicant for service shall provide to the Authority certification and/or documentation that the proposed property to be served has been approved by the appropriate political subdivision and/or regulatory agencies having review authority.

B. Review By The Authority

All installations shall meet minimum specifications set by the Authority. The specifications shall include the size of all lines, their location, grade, materials used, manner of installation and such other specifications deemed necessary by the Authority.

C. Approval by Regulatory Agencies

Prior to approval by the Authority the construction drawings and specifications for the extension of sewer service must be submitted to and reviewed by the appropriate regulatory agencies. These agencies may include but are not limited to the Department of Transportation, the Division of Environmental Management, the Division of Health Services, the Division of Land Resources and the U.S. Army Corps of Engineers.

D. Approval by the Authority

Construction shall not commence until approval has been given in writing by the Authority to specifications shown on detailed construction drawings prepared for the applicant by an engineer registered in the State of

North Carolina. This approval will be granted by the Authority after it has received notification of approval by the various regulatory agencies.

E. Construction

The public main shall not be less than eight (8) inches in diameter, must be laid to line and grade, with manholes at any change of line and grade of the sewer and in no case more than 400' apart, and in all other respects meet the specifications used by the Authority for construction of sewer lines.

Any addition to the system must extend to the applicant's property with adequate provisions including easements, rights-of-way, etc. for laterals or extensions as required to support future development and extension of the system.

Extension of sewer mains shall be performed by an independent contractor under contract to the Authority or to the applicant complying with the Authority's Standards and Specifications for Water Distributions and Wastewater Collections Systems with all work subject to inspection and approval by the Chief Engineer or his authorized agent.

If in the judgment of the Chief Engineer there is demonstrated lack of competent supervision of a contractor, the Chief Engineer may, upon approval of the Executive Director (1) halt work until approved supervision is obtained and the work performed in accordance with approved specifications, or (2) provide constant construction observation by Authority personnel at the expense of the applicant.

The applicant is solely responsible for the design and construction of the project. The applicant may be required to modify, rearrange or redo any work to bring it in conformity with the Authority's Standards and Specifications. Construction observation by the Authority does not imply supervision and/or acceptance of the work.

F. Rights-Of-Way

Sewer mains will be installed only in dedicated streets, roadways, or rights-of-way secured by encroachments or recorded easements or license. Applicant for

service is responsible for providing or securing the necessary encroachments and easements required for the project. Easements necessary to serve the project and allow for the orderly development and expansion of the sewer system shall be dedicated in behalf of the Authority.

G. Ownership and Control

All sewer mains constructed and connected to the facilities of the Authority under the policies stipulated herein shall be conveyed to and become the property of the Authority upon completion and acceptance. Connection to the system and acceptance by the Authority shall constitute dedication of a sewer main extension by the applicant but the applicant may be required to furnish to the Authority documentation of specific conveyance.

The Authority shall have exclusive control of all such lines and shall be responsible for their maintenance, repair and operation.

H. Warranty

The conveyor of an extension to the system shall guarantee the entire project against defective material and workmanship and consequential damages resulting therefrom for a period of twelve months from the date of completion and acceptance of the project, including such incidental damages as may arise from such claims. At the completion of the construction and prior to acceptance of any fees for connection of service, the conveyor must supply to the Authority a letter of credit in behalf of the Authority in an amount equal to 5% of the total extension construction cost or such other amount as the Authority may require.

I. System Expansion

Requirements herein do not preclude the use and extension of mains by the Authority for the expansion and orderly development of the sewer system. The Authority shall have the right to make, or allow to be made, additional extensions of a sewer main beyond or laterally from the extension.

V. SERVICE CONNECTIONS

A. Service

Each lot or parcel to be served shall have a public sewer extended on or immediately adjacent to such property at a location secured by a utility easement or franchise in behalf of the Authority in such a manner that the private lateral serving the property may be tied directly into the public sewer.

B. Installation

Installation of the line from the house to the main sewer line, including furnishing and setting cleanouts, will be the responsibility of the property owner. The normal location for the first cleanout in the private lateral upstream of the main will be at the curb, property line or edge of right-of-way. Taps into the sewer mains in service will be made only by Authority personnel.

C. Stub Out and Subsequent Connection

To avoid future cutting of street surface where sewer service is not immediately desired, the service line may be stubbed out to the property.

D. Codes

All private laterals shall be installed in accordance with applicable North Carolina or Local plumbing codes and regulations.

VI. FEES

A. General

Fees and charges shall be made in accordance with the current schedule of rates and fees adopted by the Authority Board of Directors.

B. Availability Fees

1. Purpose

The purpose of this charge is to recover a portion of the cost associated with providing wastewater system facility capacity. This charge is applicable to each connection to a sewer line regardless of who may have paid for the installation of the line to which the connection is made.

2. Applicability

Availability charges are composed of two factors: the size of the property and the demand on the system as represented by water meter size. All lands not requiring sewer service and dedicated to public use such as for streets, highways, alleys, parks, playgrounds and recreation areas associated with public schools shall be excluded from the total acreage against which the fees apply as long as the properties continue in such exempt uses. Unusual and unique circumstances with minimal impact on the sewer facilities may be eligible for a variance based upon an evaluation by the Chief Engineer and approval by the Executive Director.

The owner of any large tract or parcel of land exceeding three acres in size and on which there is but one residential dwelling unit may, upon the approval of the Authority, by recorded plat designate a lot containing the dwelling of not less than three acres in area against which the acreage fee will apply.

C. Footage Charge

1. Purpose

The purpose of this charge is to defray, in part, the cost of installing sewer mains, manholes, etc. which are necessary to provide sewer service to abutting properties and which have been provided at the expense of the Authority or persons, firms or corporations other than the applicant.

2. Applicability

A Footage Charge for each separate connection to an existing sewer main shall be paid by each applicant who wishes to secure service therefrom, which charge shall be paid prior to the approval of the application for a

service connection; provided, however, that in any instance where satisfactory evidence shows that an applicant for a connection has paid the cost of installation of the main to which the connection is to be made, either by installing the main at his expense and then conveying same to the Authority (or its predecessors) or by reimbursing the Authority (or its predecessors) for the cost of such main, the Footage Charge shall be waived.

3. Computation

1. The footage charge shall be computed on the basis of the footage of the property abutting the line. On lots abutting two or more streets in which lines are installed, the footage shall be based upon the longest side.

2. The minimum frontage for each connection shall be that for property with 50 feet frontage, regardless of actual frontage.

3. When a line passes through a tract which may be served to either side from the line, the front footage and acreage fees shall apply separately to each side.

D. Private Lateral Tap Charge

1. Purpose

The purpose of this charge is to recover costs of making the tap into the sewer main or mains and providing a connection point for the lateral connection. Where properties have been provided a stub out to the property line, edge of easement or right of way no tap fee will apply. Charges will be made for the cutting of a tap into an existing sewer main or manhole. These charges include all labor and materials to complete the physical tap, but do not include cost for excavating, backfilling or pavement repairs necessary to expose the main or manhole. Obtaining and paying for the street cut permit from units of local government or obtaining encroachment approval from the Department of Transportation are the responsibility of the applicant.

2. Applicability

The applicable charges shall apply as set forth in the Schedule of Rates and Fees adopted by the Authority's Board of Directors.

VII. PAYMENTS

All fees and payments due the Authority shall be made at the following address:

Orange Water and Sewer Authority
Customer Relations Department
400 Jones Ferry Road
P.O. Box 366
Carrboro, N.C. 27510

VIII. INTERPRETATION AND REVISIONS

These regulations are pursuant to the Sewer System Extension Policy adopted by the Orange Water and Sewer Authority's Board of Directors and incorporated by reference as a part hereof.

Implementation and interpretation of the Sewer System Extension Regulations are the responsibility of the Executive Director and the administrative staff. The Executive Director is authorized to establish and implement regulations for the extension of the sewer system. Such regulations are to be uniformly and equitably implemented but deviations may be approved by the Executive Director for unusual technical situations.

IX. APPEALS

The appeal of decisions or interpretations of the Executive Director regarding the implementation of the Sewer System Extension Policy may be made in writing to the Board of Directors of the Orange Water and Sewer Authority. The appeal should state clearly and specifically the relief sought and reasons therefore.

X. REFERENCES

- A. OWASA Schedule of Rates and Fees
- B. OWASA Standard Specifications for Water Distribution and Wastewater Collection Systems
- C. Procedure for Approval of Water and/or Sewer Extension Projects
- D. OWASA Policy on Reimbursement for costs of Contributed Capital Facilities
- E. OWASA Policy on Assessment of Costs

ORANGE WATER AND SEWER AUTHORITY

POLICY STATEMENT ON ASSESSMENT PROJECTS FOR EXTENSION OF WATER AND SEWER MAINS

PURPOSE: The purpose of this policy is to set forth the principles and guidelines for the extension of and the allocation of cost for the water and/or sewer mains of the Orange Water and Sewer Authority when such facilities are extended through the assessment process.

BACKGROUND: An integral part of the operation of the Orange Water and Sewer Authority is the orderly extension of water and/or sewer service from its existing facilities or the construction of new facilities. This extension of service may consist of the construction of new collectors, interceptors, mains, pump stations and other appurtenances necessary to serve a group of properties whose owners have petitioned the Authority for service and have agreed to assume the cost of the water and/or sewer extension or to serve properties which the Authority has otherwise determined are benefitted by the extensions. The North Carolina General Statutes enable the Orange Water and Sewer Authority to make such extensions and assess to the benefitted parties the costs associated with the respective extensions.

POLICY: Orange Water and Sewer Authority, at the discretion of the Board of Directors, may arrange for the installation of water and sewer mains to serve existing developed areas and assess the cost of the improvements to the benefitted properties in accordance with the North Carolina General Statutes. Extension to new development will not be financed through the assessment process. If undeveloped land within an assessment area benefits from an assessment project, then such land will be assessed for the improvements. Undeveloped land through, or along which, off-site line extensions are constructed may also be assessed.

Assessment projects must have prior approval of the Board of Directors and may be initiated by petition of residential property owners, County or State public health agencies, by a County or municipality, or by the Authority at its discretion. The Authority's decision to undertake an assessment project shall not be subject to receipt of a prior endorsement from a majority of the property owners benefiting from said project. Multiple assessment project requests will be prioritized for construction by the Board of Directors.

The extension of water and/or sewer service from the system of the Orange Water and Sewer Authority shall be in accordance with the Authority Sewer Extension Regulations, Authority Water Extension Regulation, Authority Specifications and the Authority Schedule of Rates and Fees.

Extension of service shall be made in a manner to appropriately serve individual properties and to allow for the future orderly development of the water and/or sewer system to serve other properties in accordance with the policies of the Orange Water and Sewer Authority.

Water and/or sewer main extensions and appurtenant facilities installed by the Authority by an assessment process shall be financed by the owners of the benefitted properties through (1) special assessments made in accordance with the provisions of the North Carolina statutes and laws; (2) prior funding of the improvements; and/or (3) other financial arrangements satisfactory to the Authority.

The cost of the assessment project, as determined by the Authority, shall be specially assessed against each of the lots or parcels determined by the Authority as benefiting from the project and set out in a Final Assessment Roll. Such allocation of cost shall be in accordance with the provisions of North Carolina General Statutes 153A, Article 9, Special Assessments.

During the public hearing process, or at any time prior to the adoption of the Final Assessment Roll, the Board of Directors may elect to set a firm project cost to the benefiting area based upon site specific design, provided the projected firm cost is consistent with Authority's cost experience for such projects. The firm project cost will be based upon a fixed cost per foot of water or sewer line to be installed using the specific engineering design of the project. The fixed cost per foot will be based on appropriate and applicable cost records of the Authority.

Components used to determine of total project cost to be assessed shall be:

1. Design line footage multiplied by the currently approved assessment per line foot amount.
2. Legal and easement expenses above 5 percent of the construction cost.
3. Engineering expenses above 15 percent of the construction cost.

The determination of the line foot amount shall be based on construction and easement acquisition costs of similar projects previously undertaken by the Authority or dedicated to the Authority, with such costs being appropriately indexed for inflation and adjusted to reflect the constraints of conducting such construction in an already developed area. The total recovered by assessment against lots within the benefited area of any individual assessment project shall not exceed the actual cost incurred in the completion of that project, less engineering and legal costs deducted in accordance with OWASA policy in that regard.

Costs recovered through assessment shall not include off-site costs, including any easement acquisitions, of intervening improvements required to connect assessment projects situated within the corporate limits of Chapel Hill and Carrboro when the Board of Directors determines that; (a) the off-site improvements are assessed to intervening benefited properties; or, the cost of the off site improvement are reasonably anticipated to be recovered within the next 10 year period through fees from service connections or extensions to the proximate intervening properties; and (b) the costs of the off-site improvements that are not assessed are in reasonable relationship to the costs of the assessment project and funding is available in the approved capital improvement budget for such off site cost, or funds are reliably available from other sources such as grants, subsidies or contributions in aid of construction from private or public parties.

The exclusion of off-site costs for assessment projects situated outside of incorporated areas but within the Urban Services Areas of Chapel Hill and Carrboro shall be determined by the Board of Directors for each such project.

Exclusion of off-site costs shall not apply to assessment projects situated outside the Urban Service Area of Chapel Hill and Carrboro.

Upon completion of the project, property owners will be notified and a Final Assessment Roll adopted. Liens against the property will be recorded as security for the amount of the assessment.

Assessments may be paid without interest at any time before the expiration of thirty (30) days from the date that notice of confirmation of the Final Assessment Roll is published. If the assessments are not paid within this time, all installments shall until paid, bear interest at a rate set by the Board in the assessment proceedings. In the event one or more payments of the assessment against a parcel of property are not made in accordance with the terms for such payment the Board of Directors will take action under the lien to collect money due.

For assessment projects, the property owner connecting within sixty days of the conformation of the Final Assessment Roll may enter into a contract with the Authority to pay availability and acreage fees under established terms and conditions, but not service connection fees, by monthly installments over the same time period and at the same interest rate as established for the assessment project costs. The installment payment of availability fees and acreage charges shall become a part of the monthly billing for service, and nonpayment shall be subject to the same policies and penalties that apply to delinquency in the payment of monthly charges for water and sewer services provided by the Authority. The unpaid balance shall be secured by a lien against the benefitted property and personal security to satisfy any outstanding balance upon sale of the property. The payment of the unpaid balance shall become due upon transfer of the property.

If an assessed lot is subdivided at any time after adoption of the Final Assessment Roll, the newly created lots shall be required to pay all applicable availability fees and acreage charges, including front footage charges, in accordance with the Schedule of Rates and Fees in effect at the time, prior to establishing a service connection to the system(s) owned by the Authority.

REFERENCES:

- OWASA Schedule of Rates and Fees
- OWASA Water and Sewer Extension Policies

Reviewed by General Counsel: 12/13/93
Date


General Counsel

Adopted by the Board: 12/9/93
Date


Clerk to the Board

**RESOLUTION ADOPTING ASSESSMENT POLICY APPLICABLE TO
WATER AND SEWER EXTENSIONS TO EXISTING UNSERVED NEIGHBORHOODS**


WHEREAS, the elected bodies of the Towns of Carrboro and Chapel Hill and Orange County have requested that OWASA review its assessment policies in order to assure that the manner in which the costs of water and sewer extension projects are calculated and assessed is fair and meets the requirements of the statutes and OWASA's obligations under the Sale and Purchase Agreements, and, in particular, that it does not impair the orderly availability or unduly discourage otherwise necessary connections to these vital public services; and

WHEREAS, the Board of Directors of OWASA has considered the opinions, requests and proposals made by citizens in recent public meetings about the costs of gaining access to these public services; it has reviewed the work of its staff, and has considered the suggestions of the elected bodies of the Towns and County, and the advice given on behalf of the University of North Carolina at Chapel Hill in this regard, and it has determined that the attached policy is necessary and appropriate to assure the availability and orderly provision of public water and sewer service to the Carrboro, Chapel Hill, and Orange County citizens within its service area, and that it is necessary and will result in the protection of the environment and public water supply, and that it will primarily benefit persons who are able to connect to these services as well as their neighbors and the public at large;

NOW, THEREFORE, BE IT RESOLVED:

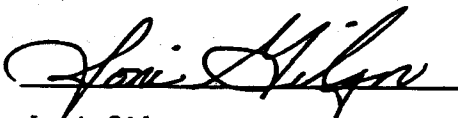
1. That the Orange Water and Sewer Authority Board of Directors adopts the attached policy entitled, "*Assessment Policy Applicable To Water And Sewer Extensions To Existing Unserved Neighborhoods*".
2. That the policy shall become effective upon adoption.
3. That the Executive Director is directed to implement and interpret the *Assessment Policy Applicable To Water And Sewer Extensions To Existing Unserved Neighborhoods*.

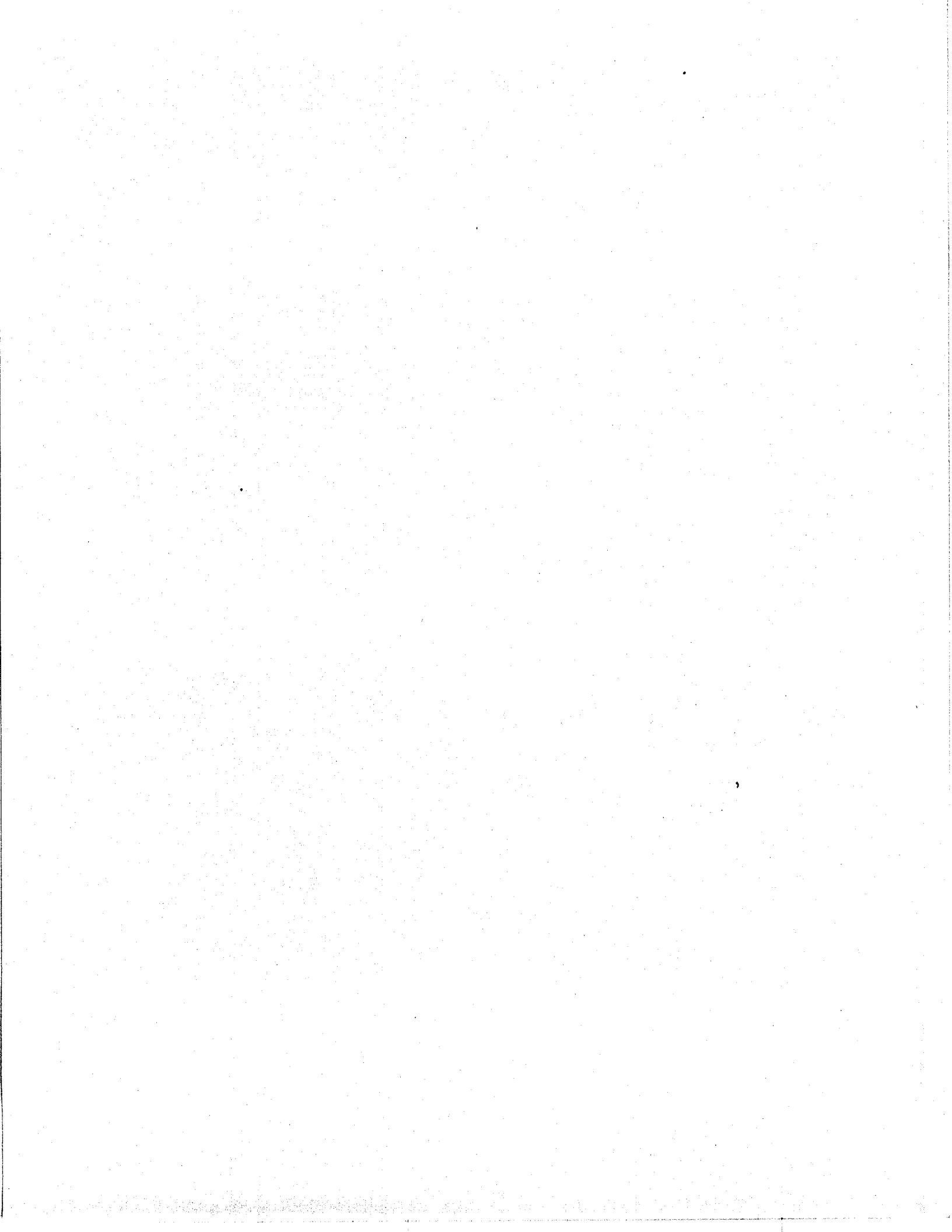
Adopted this 27th day of May, 1999



Dan C. VanderMeer, Chair

ATTEST:


Joni Gilgor
Clerk to the Board



ORANGE WATER AND SEWER AUTHORITY

ASSESSMENT POLICY APPLICABLE TO WATER AND SEWER EXTENSIONS TO EXISTING UNSERVED NEIGHBORHOODS

PURPOSE: The purpose of this policy is to set forth the principles and guidelines for the extension of and the allocation of cost for the water and/or sewer mains of the Orange Water and Sewer Authority (OWASA) when such facilities are extended through the assessment process.

BACKGROUND: An integral part of the operation of OWASA is the orderly extension of water and/or sewer service from its existing facilities or the construction of new facilities. This extension of service may consist of the construction of new collectors, interceptors, mains, pump stations and other appurtenances necessary to serve a group of properties whose owners have petitioned OWASA for service and have agreed to assume the cost of the water and/or sewer extension or to serve properties without a petition from property owners that OWASA has determined are benefited by the extensions. The North Carolina General Statutes and the Sale and Purchase Agreements with Town of Chapel Hill, Town of Carrboro and The University of North Carolina at Chapel Hill enable OWASA to make such extensions and assess benefited properties the costs associated with the extensions.

POLICY: OWASA, at the discretion of the Board of Directors, may arrange for the installation of water and/or sewer mains to serve existing developed areas and assess the cost of the improvements to the benefited properties in accordance with the North Carolina General Statutes. Extension to new development will not be financed through the assessment process. If undeveloped land within an assessment area benefits from an assessment project then such land will be assessed for the improvements. Undeveloped land through or along construction of off-site line extensions may also be assessed.

Assessment projects must have prior approval of the OWASA Board of Directors and may be initiated by petition of residential property owners, County or State public health agencies, by a County or municipality, or by OWASA at its discretion. OWASA's decision to undertake an assessment project shall not be subject to prior endorsement from a majority of the property owners benefiting from said project. In determining whether or not to proceed with an assessment project, OWASA will consider the needs of all property owners who are impacted by such project. Multiple assessment project requests will be prioritized for construction by OWASA.

Extension of service shall be made in a manner to appropriately serve individual properties and to allow for the future orderly development of the water and/or sewer system to serve other properties.

Water and/or sewer main extensions and appurtenant facilities installed by OWASA through the assessment process shall be financed by the owners of the benefited properties through (1) special assessments made in accordance with the provisions of the North Carolina statutes and laws; (2) prior funding of the improvements; and/or (3) other financial arrangements satisfactory to OWASA.

The cost of the assessment project, as determined by OWASA, shall be specially assessed against each of the lots or parcels determined by OWASA as benefiting from the project and set out in a Final Assessment Roll. Such allocation of cost shall be in accordance with the provisions of North

Carolina General Statutes 153A, Article 9, Special Assessments.

Costs recovered through assessments shall not include the engineering design and construction observation expenses in an amount up to 15% of total expenditures for a given project. Costs recovered through assessments shall not include the legal expenses in an amount up to 5% of total expenditures for a given project. Any such engineering design and observation costs in excess of 15% and/or legal costs in excess of 5% will be included in the summation of costs to be assessed.

Costs recovered through assessments shall not include off-site costs, including any easement acquisitions of intervening improvements required to connect assessment projects situated within the incorporated limits of Chapel Hill and Carrboro when the OWASA Board of Directors determines that (a) the off site improvements are assessed to intervening benefitted properties; or, the cost of the off site improvements are reasonably anticipated to be recovered within the next 10 year period through fees from service connections or extensions to the proximate intervening properties; and (b) the costs of the off-site improvements that are not assessed are in reasonable relationship to the costs of the assessment project and funding is available in the approved Capital Improvements Budget for such off-site cost, or funds are reliably available from other source such as grants, subsidies or contributions in aid of construction from private or public parties.

The exclusion of off-site costs for assessment projects situated outside of incorporated areas but within the Urban Service Areas of Chapel Hill and Carrboro shall be determined by the OWASA Board of Directors for each such project.

Exclusion of off-site costs shall not apply to assessment projects situated outside the Urban Service Area of Chapel Hill and Carrboro.

Off-site mains shall be defined as those sections of mains installed outside of the benefitted project area which do not provide service directly to individual lots within the benefitted area and are of a size so as to provide service to areas other than that defined by the assessment project resolution.

Upon completion of the project, property owners will be notified and a Final Assessment Roll adopted. Liens against the property will be recorded as security for the amount of the assessment.

Assessments may be paid without interest at any time before the expiration of thirty (30) days from the date that notice of confirmation of the Final Assessment Roll is published. If the assessments are not paid within this time, all installments shall bear interest at a rate set by the OWASA Board of Directors in the assessment proceedings until paid. In the event one or more payments of the assessment against a parcel of property are not made in accordance with the terms for such payment, OWASA will take action under the lien to collect the money due.

For assessment projects, the property owner connecting within sixty (60) days of the confirmation

Assessment Policy Applicable to Water and Sewer
Extensions to Existing Unserved Neighborhoods
May 27, 1999
Page 3

of the Final Assessment Roll may enter into a contract with OWASA to pay service availability fees for connections to lines extended by an assessment project, but not service connection fees, under established terms and conditions by monthly installments over the same time period and at the same interest rate as established for the assessment project costs. The installment payment of service availability fees shall become a part of the monthly billing for service, and nonpayment shall be subject to the same policies and penalties that apply to delinquency in the payment of monthly charges for water and sewer services provided by OWASA. The unpaid balance shall be secured by a lien against the benefited property and personal security to satisfy any outstanding balance upon sale of the property. The payment of the unpaid balance shall become due upon transfer of the property.

For assessment projects, the residential property owners connecting within ninety (90) days of notice from OWASA that the construction has been completed and service is available for active service connections, the service availability fees applicable to the property will be reduced by 25%, not to exceed \$500 per benefited property.

If an assessed lot is subdivided at any time after adoption of the Final Assessment Roll, the newly created lots shall be required to pay all applicable availability fees in accordance with the Schedule of Rates and Fees in effect at the time, prior to establishing a service connection to the system(s) owned by OWASA.

REFERENCES:

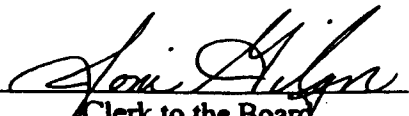
- OWASA Schedule of Rates and Fees
- OWASA Water and Sewer Extension Policies

Reviewed by General Counsel: 6-3-99
Date



General Counsel

Adopted by the Board: 5/27/99
Date



Clerk to the Board

TOWN OF CHAPEL HILL SEWER ASSISTANCE POLICY

On March 27, 1995, the Town Council adopted Resolution 11, a revised policy regarding Town participation in the costs of future sewer projects. A copy of this resolution is attached.

On July 1, 1996, the Town Council adopted Resolution 18 expressing an intent to contribute \$192,000 to assist low income homeowners in the Morgan Creek/Mason Farm sewer project area and as a contribution to OWASA for construction costs of the Morgan Creek/Mason Farm project subject to OWASA undertaking the project and subject to an appropriation by the Council in the 1997-98 budget years. These funds remain reserved for this purpose.

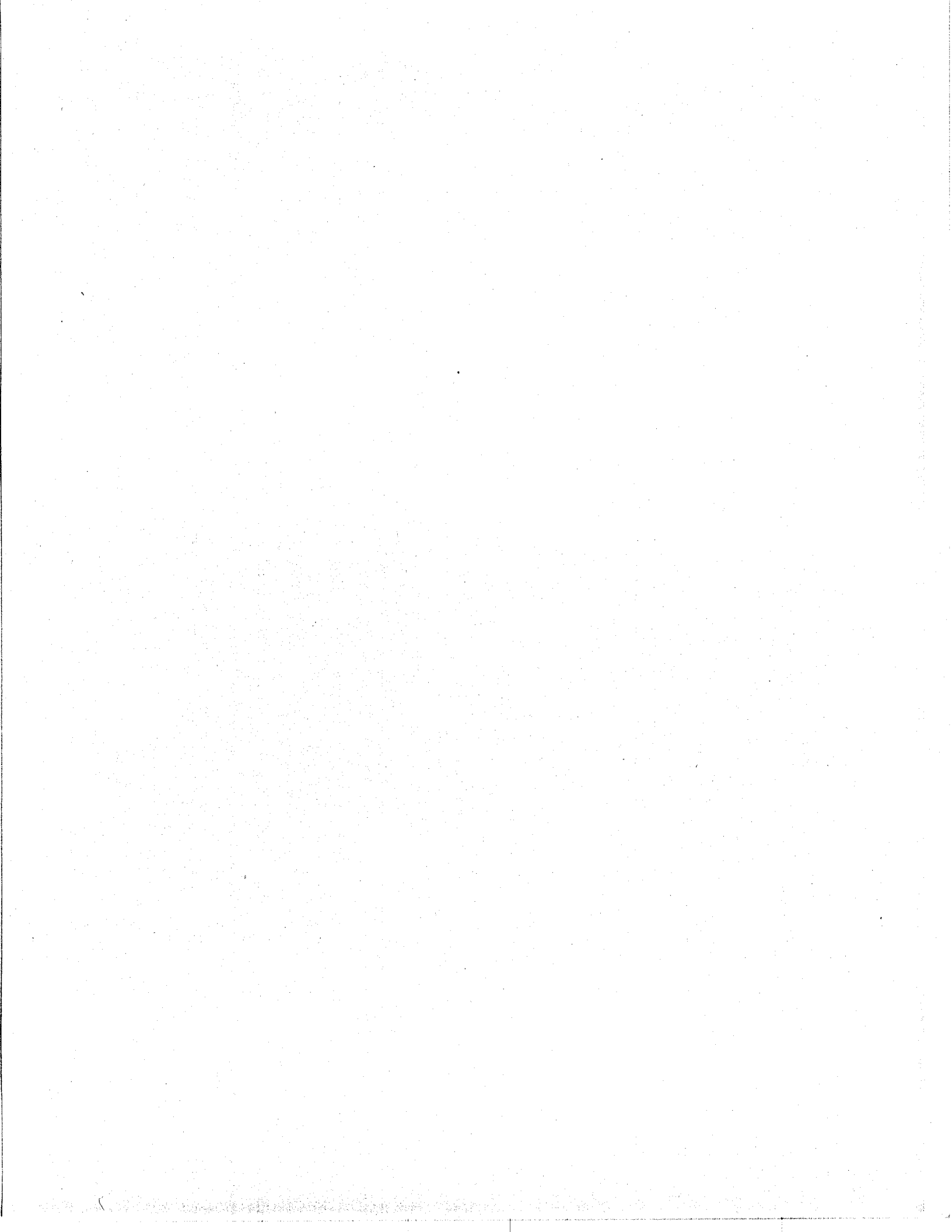
On October 16, 1996, the Town Council directed the Manager to identify options and potential funding sources, as part of the 1997 budget process, for a new policy on contributing funds for future sewer projects, including the Morgan Creek/Mason Farm neighborhood, other areas in the Town limits and future annexation areas. At the same time, the Council also asked the Orange County Board of Commissioners to contribute to the cost of the Morgan Creek/Mason farm sewers.

On March 24, 1997, the Town Council considered options for Town contributions to the cost of public sewer projects in residential neighborhoods. A review of the videotape of the meeting indicates that the Council adopted a revised Resolution 17b which directed the Manager to include \$30,000 for a sewer contribution to the Patterson Place sewer project as a potential future contribution to be shown in future budget materials. In addition, the Council:

- Requested that the Orange Water and Sewer Authority share with the Town information to be prepared on sewer existing neighborhoods now having private wastewater systems in both the Town limits of Chapel Hill and in areas designated by the Council as potential future annexation areas.
- Expressed an intent to consider, after receiving further information from OWASA regarding existing neighborhoods now having private wastewater systems, a financial plan for future public sewer needs of existing neighborhoods in the Town and future annexation areas now having private wastewater systems.

On September 9, 1998, the Council adopted Resolution 7 that revised the Town's sewer assistance policy. This resolution authorized that the Town provide a 20% subsidy to sewer projects for existing neighborhoods with private systems by providing a line item in the Capital Improvements Program budget with a cap of \$4,500 per lot based on the total number of lots in the project which is being subsidized. A copy of the resolution is attached.

In 1999, the Town paid \$12,500 from this fund for the Patterson Place sewer project based on the 1998 revised policy. The balance of funds available for the specific purpose of providing financing for water and sewer improvements in residential neighborhoods is \$192,000.



A RESOLUTION ADOPTING A REVISED POLICY REGARDING TOWN PARTICIPATION IN THE COSTS OF FUTURE SEWER PROJECTS (95-3-27/R-11)

BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council hereby adopts the following policy regarding future participation in future sewer projects:

1. That the Town's obligation to participate in sewer costs from sales taxes and Community Development funds be limited to the amount of funds now available and undesignated through the Council's actions (\$78,000 in 1994-95 sales taxes and \$100,000 of 1995-96 sales taxes; \$50,000 of Community Development grant funds).
2. That the availability of Community Development funds for sewer purposes shall be subject to change due to reallocations which the Council may make in the plan for using these funds and/or due to federal requirements regarding use and availability of these funds.
3. That the Town's participation in future sewer projects with sales tax funds shall continue at 16% of estimated construction costs of neighborhood sewer projects and that funds be applied at this rate until they are no longer available, subject to the following:
 - a. That of the 16% funding for a given project area, up to half shall be available for assisting low-income families with costs of assessments under the terms of the Council's Sewer Loan Policy as in effect at the time of the allocation. The remaining half of the 10% contribution, and any of the funds available for but not used for loans to low-income homeowners in the project area shall become allocated to sewer construction costs at a time determined by the Town Manager or Town Council.
 - b. That the Council allocate funds from sales taxes for individual projects in specific amounts based on estimated construction costs at the time of the Council's allocation decision. If estimated or actual construction costs subsequently change, the Council may but shall not be obligated to adjust the amount of the 16% funding for a sewer project.
 - c. That if the remaining amount of sales tax funds available for a sewer project would equal less than 16% of estimated costs of a project, then the Council may but shall not be obligated to allocate other funds to increase the allocation to a total of 16%.
 - d. That the Council's decisions to allocate funds for individual sewer projects take into account the public health need to undertake a project, the order in which valid sewer petitions are received by OWASA and other factors which the Council considers relevant. The Council may in its discretion but shall not

be required to allocate funds for an anticipated sewer project before a petition is received by OWASA.

- e. That the Town shall have no obligation to contribute funds to a sewer project if the Orange Water and Sewer Authority undertakes a project without assessments.
 - f. That if the Town is required under State law to extend sewer outfall lines into an annexation area, the Town's allocation of sales taxes for outfall purpose shall be for the full cost of such outfall, less any costs to be covered by other parties.
4. That the above policy would not alter the Council's decisions before adoption of this policy regarding assistance to neighborhoods which are or have been in the process of having sewers built with assessments.
 5. That the policy shall not apply to any annexation areas for which the Town's previous policy regarding financial participation in sewer projects must apply under requirements in current State law.

This the 27th day of March, 1995.

A RESOLUTION MAKING RECOMMENDATIONS ON OWASA'S SEWER ASSESSMENT POLICY (98-9-9/R-7)

BE IT RESOLVED by the Council of the Town of Chapel Hill that the Town provide a 20% subsidy to sewer projects for existing neighborhoods with private systems by providing a line item in the Capital Improvements Program budget with a cap of \$4,500 per lot based on the total number of lots in the project which is being subsidized. This cap will be adjusted annually to account for inflation, and;

BE IT FURTHER RESOLVED by the Council of the Town of Chapel Hill that OWASA reinstate the past policy of adsorbing engineering and legal costs up to the 15% limit for engineering costs and 5% limit for legal costs, and;

BE IT FURTHER RESOLVED by the Council of the Town of Chapel Hill that OWASA provide preliminary cost estimates so that residents signing a petition know what to expect, and;

BE IT FURTHER RESOLVED by the Council of the Town of Chapel Hill that OWASA clarify with the University and appropriate government entities the phrase "benefiting party" in the Sales and Purchase Agreements.

This the 9th day of September, 1998.