

- L. Facilities Reimbursement Agreement. If the applicant extends the water and/or sewer mains past parcels or properties that are not currently connected to the District's water and/or sewer service, then the applicant for main extension may request entering into a Facilities Reimbursement Agreement (Appendix 600-A—Standard Reimbursement Agreement) with the District. This agreement allows the District to collect a pro-rata share of the cost for the main extension as new parcels and properties accept water service and reimburse the applicant a proportionate amount of the original cost of the extension. The District may modify the Standard Reimbursement Agreement from time to time without modification to the policies contained herein.

602.7 Water and Sewer Main Extensions by the District for Applicant

The Board and applicant may agree, under special circumstances, to have the District design and construct the water and/or sewer main extension. The terms and conditions of such agreement shall be determined at the time of application by the applicant. The applicant shall advance the amount estimated by the District that the water and/or sewer main extension will cost, after which, the District shall install the line(s). If the amount of the advance deposit exceeds the actual cost of engineering, design, legal, construction, inspection, and other charges attributable to the extension, the balance shall be refunded to the applicant. If the amount of the deposit is insufficient to pay all the costs of engineering, design, legal, construction, inspection and other charges attributable to the extension, the applicant shall pay in advance all such costs to the District prior to the acceptance of the extension by the District.

603 SUBDIVISION & LARGE COMMERCIAL DEVELOPMENT PROCESS

603.1 Introduction

The following section lays out the process for developing residential subdivisions (more than four lots) or large commercial development (more than 7,200 square feet of floor space). Applicants should also review Article VII—*Subdivision* of the District's current Water Ordinance prior to submitting the application for development. The process is divided into the following four major steps:

- A. Preliminary Information Exchange & Indemnification
- B. Feasibility Study (Sub-Area Master Plan) and Environmental Documentation
- C. Final Design and Construction
- D. Performance Guarantee Period

Each of these steps will also require interface with the Tuolumne County Community Development Department. The following outlines the process in each step of the overall development process.

603.2 Step 1: Preliminary Information Exchange & Indemnification

603.2.1 Intent of this Step

The intent of this step is to provide an opportunity for the developer to discuss the general process of development with the District and for the District to provide copies of detailed maps, models, and reports that will assist the Developer in preparing his application with the District. The developer will also be required to sign agreements that indemnify the District and agree to pay for all District costs in processing the developer's application. At this step, no formal Board action is required by the District, unless the development requires annexation.

603.2.2 Step 1 Process

A. Developer Application for GCSD Service and Advanced Funding Agreement

The first action of the developer is to prepare an Application for GCSD Service (Appendix 600-B) that outlines the scope and location of the proposed development and to execute an Advanced Funding Agreement (Appendix 600-F). The Advance Funding Agreement between the developer and the District must be executed by both parties before the District reviews the developer's application. The Advance Funding Agreement will:

1. Provide for the scope of work to be provided by District personnel and consultants in reviewing the application;
2. Estimate the amount of administrative, engineering and legal costs to be incurred by the District in reviewing the application;
3. Provide for a cash deposit to cover those estimated costs with the provision that once the cash deposit is reduced to a specified level, that future work on processing the application by District personnel will not continue until the account balance specified in the Advance Funding Agreement has been restored to the original amount required by the agreement; and
4. Indemnify the District against any action taken by the developer or by any third party against the developer and/or the District for the proposed project.

With this application for service, the developer will pay a non-refundable \$500 administrative fee and \$200 application fee and a \$1,500 engineering review deposit. These fees and deposits may periodically be changed when the Board of Directors amends the Water and Sewer Ordinances. For a complex project, the developer may be required to add to the initial deposit to cover District labor and expense costs needed to complete the activities in this step. If so, the District will provide a cost estimate to complete this phase of work. Any funds left in the deposit at the end of this step will be refunded to developer or credited to the fees required in the next step of the process. Staff shall stop work on the Application for GCSD Service process if the developer does not pay the initial fees and deposits or does not maintain the engineering review deposit funds in a positive balance.

The Application for GCSD Services prepared by the developer shall be posted on the District's website and a copy will be available in the District office for review.

B. District Indemnification

The Developer shall assume all legal and litigation liabilities regarding the development, indemnifying the District. As part of the Application for GCSD Services process and as contained in the Advanced Funding Agreement, the developer shall indemnify and hold the District harmless for activities done by the District in Steps 1 and 2 of the development process. The developer shall indemnify the District against any legal action taken by any third party against the developer and/or the District for the proposed project. Indemnification for activities after Step 2 shall be contained in the formal Development Agreement that takes effect in Step 3.

C. Guarantee of Service

Activities conducted by the District at this stage of the process for the developer shall not be construed as a guarantee of any service empowered by the District to provide. Guaranteeing service shall be agreed to with the execution of the Development Agreement by both parties at the beginning of Step 3 of this process.

D. District Engineering Report on Application for GCSD Services

The District Engineer shall evaluate the developer's Application for GCSD Services and then produce a report which contains applicable maps, models, and reports that will assist the developer in preparing the Sub Area Master Plan (SAMP) and environmental documentation in Step 2 of the process. The information provided by the District will include water and sewer capacities, fire, and park services (and other latent power services that might be provided by the District), future planning by the District, which may impact the developer, and estimated cost of the SAMP and environmental documentation. Further, the report will contain concerns and issues that the District may have regarding District services, capabilities, capacities and future plans related to new development. These concerns will be discussed and revised as needed at least once each year in November or December by the District Board of Directors. Finally, the report will contain a statement that Board policy is that the District will fully expect the County to enforce the County General Plan and associated Area Plan Amendments thereto when they process the developer's application to the County. Furthermore, the District will consider preparing a "Service Availability" letter that will be used by the developer as he initiates the development process with the County. The template for the Service Availability letter is contained in Appendix 600-G.

E. Board Review of Development Proposal if Development Entails Annexation

If the proposed development entails annexation of the development into the District service area, District staff shall bring the Application for GCSD Services and District Engineer's Report to the Board for their review, deliberation, and input. Prior to approval for the developer to continue the project, the Board of Directors shall hold a public hearing to receive and review comments. Then, the Board of Directors may approve the project to go on to the next step in the process or send the application back to the developer for modification and subsequent reevaluation by the Board of Directors.

603.3 Step 2: Preparation of Sub-Area Master Plan & Environmental Documentation

603.3.1 Intent of this Step

The intent of this step is for the developer to prepare the Sub-Area Master Plan (SAMP) and appropriate environmental documentation for the proposed project. Guidelines for preparing the Sub-Area Master Plan are provided in Appendix 600-H. Guidelines for preparing the Environmental Review are contained in Appendix 600-I. These two tasks are done in collaboration with District staff and District consultants hired to assist with technical review. When the SAMP is completed, it will be presented to the District Board of Directors. The Board will also have an opportunity to review and comment on the environmental analyses. The Sub-Area Master Plan is prepared in conjunction with county approval of the developer's entitlement to develop. The agency responsible for reviewing the SAMP will be the District. The developer may group the District's facilities with other elements of the project when completing the California Environmental Quality Act (CEQA) review and documentation for County consideration.

Environmental documentation for the subdivision will be prepared under the authority of the County Community Development Department, with input from the District. Final approval of environmental documentation of the subdivision will be provided by the County Board of Supervisors. Environmental Review Guidelines are contained in Appendix 600-I.

603.3.2 Step 2 Process

A. Written Request for District Services to Subdivision

After approval of the Application for GCSD Services and the execution of the Advanced Funding Agreement, the developer shall make written request of the District to move to Step 2 of the process. The request shall state the legal description of the property to be served, the Assessors Parcel number(s), the name of the proposed subdivision, and its location. The request shall be accompanied by a copy of the proposed map and which District services the developer is requesting. Accompanying the application, the developer will provide the completed Developer Information Form (see 603.3.2 (B) (below) and Appendix 600-J— Developer Information Form and a check, money order, or other warrant that will be used to fund the Development Account (see 603.3.2 (C), below).

B. Developer Information Form

On a case-by-case basis, the Board of Directors may request the developer to complete the Developer Information Form (Appendix 600-J) and submitted it with the written Request of District Services to Subdivision. The information requested consists of the makeup of the development partnership/corporation, their individual and collective development history with similar types of projects, and demonstration of their financial depth to complete the proposed project. The District may perform further due diligence using the information provided by the developer. The financial information provided to the District will be kept confidential by the District and is exempt from disclosure to the public under a specific exemption of the Public Records Act.

If during the course of the project, the information contained in the Developer Information Form is found to be incomplete or inaccurate, the work by the District may be suspended until such irregularities are resolved to the District's satisfaction.

C. Funding a Development Account

With the request for District Services to Subdivision, the Advance Funding Agreement shall be amended to provide that the developer shall provide funds to a development account controlled by the District for use by the District to review the SAMP and environmental documentation prepared in this step. Unless otherwise agreed to by the District Board of Directors and developer, the amount funded to the development account shall be the total estimated costs of the District providing the administrative, engineering, legal and inspection services required, as outlined in Section 603.3.2 (D), below.

The District shall prepare a monthly account status report for the Board of Directors and the developer. If the District anticipates that the costs for its review will exceed the initial estimate then the District shall notify the developer. If the account balance is not brought up to the new estimated amount needed within thirty (30) days of District's notice, then all work by the District shall cease.

At the completion of the subdivision and upon final approval by the Board, any funds remaining in the account shall be returned to the developer within sixty (60) days of said Board approval.

E. Cost Estimate and Developer Funding Assurance

The District Engineer shall prepare a cost estimate for the SAMP and subsequent environmental documentation which will serve as the basis for the amount of funds required to fund the development account. This cost estimate will also be used to determine the amount of assurance that the developer will provide to insure that this phase of the project is completed without any financial impact on the District. The developer must provide separate security in the amount of the District Engineer's cost estimate and security must be in the form of an Irrevocable Letter of Credit or a cash deposit with the District.

F. List of Recommended Consultants

Tuolumne County maintains a list of CEQA and other specialty consultants that they consider are qualified to perform work for the County. The District will provide this list to the developer as he plans the work to be conducted in this step. By providing this list, the District does not guarantee the work by any of the consultants listed. However, the District will insist that consultants selected by the developer for the work to be performed in this step have experience and a good track record in performing the work.

G. Public Access to Development Information

The District shall maintain public access to the final SAMP and draft and final environmental documentation by posting these documents on the District's web site and in the District office. Non-confidential information provided from the Developer Information Form shall also be posted on the web site and in the District office. The District shall also post on the web site the formal reviews of the SAMP by the District and/or its consultants.

H. Developer Prepares Sub-Area Master Plan (SAMP)

The developer, with the assistance of an engineer with recent experience with this type of work, shall prepare the Sub-Area Master Plan (SAMP) for the proposed project. The typical scope of work for the SAMP is contained in Appendix 600-H. The District will provide input to the developer during the preparation of the SAMP. The water and/or sewer infrastructure, and/or parks and/or fire services shall be evaluated in the SAMP in terms of determining present capacities, future capacities with planned build-out of existing communities and developments within the District, other on-going development applications, and the impact on present and future capacities caused by the proposed development. These evaluations shall be done by modeling approved by the District. The SAMP will provide alternative infrastructure improvement methods for the proposed development. If approved alternatives are available, then each alternative will be evaluated for capital and annualized long-term operations and maintenance costs, as well as an analysis of the advantages and disadvantage to the District for each alternative.

The SAMP will also evaluate the impacts on fire and rescue services provided by the District. The SAMP will require an appendix containing a letter from the County Fire Marshal which contains fire flow rates and durations for the proposed project.

The District shall require the developer to prepare a detailed financial impact analysis as part of the Sub-Area Master Plan. The analysis shall evaluate long-term financial impacts on existing District customers for providing water, wastewater, parks and fire services to the proposed development. The analysis shall also disclose any anticipated additional costs (including the re-allocation of government fund taxes) or reduction in service(s) to existing customers and future customers moving into the new development caused by the development of the proposed project. If the development is found to cause potential additional short- and/or long-term financial impacts on the existing customer base, then the financial analysis shall include alternative financial impact mitigations for consideration by the District. With these mitigations, the proposed development shall not impose any additional short- or long-term financial impacts on the District's existing customer base, as well as fire service requirements, such as alarm systems, inspections, and periodic operational verifications, which the District may be expected to provide.

I. Review of SAMP by District Board of Directors

The draft SAMP will be evaluated by the District and its consultant. Once the draft SAMP has been approved by District staff, the developer will present his findings to the District Board of Directors in a Public Hearing, scheduled with at least two weeks notice to the public to allow the public time to review and consider the SAMP. The Board may request additional work to complete the SAMP based on public input and its review. If substantial additional work is requested by the Board of Directors, then the draft SAMP will be revised and brought back to the Board for final review. With no additional revisions requested by the Board, the developer will finalize the SAMP, which will include the preferred alternatives based on input from District staff and Board. The final SAMP will then be brought back to the Board of Directors, who will receive and file the document. Only after the environmental documentation has been properly reviewed and approved by the controlling agencies, including the County and the District, will the SAMP be considered for approval by the District Board of Directors.

J. Perform Environmental Analyses and Prepare Environmental Documentation

The environmental documentation is usually done at the same time as the preparation of the SAMP. With the county as lead agency, the developer will perform environmental analysis of infrastructure alternatives, as well as the impacts of providing water, wastewater, fire and park services on the community and the District. This step may be conducted by the developer under the direction of the Tuolumne County Community Development Department with input from the District during the environmental review process or it may be conducted as a separate step with the District acting as lead agency. Guidelines for completing the environmental evaluation and documentation process are provided in Section 604, below, and Appendix 600-H—Guidelines for Preparing Sub-Area Master Plan. This part of the process is completed with the approval by the County Board of Supervisors and the issuance of the Conditions of Approval. Once the environmental process has been completed and approved by the County, then the District and developer will move on to Step 3.

K. Funding the Environmental Review Process for the SAMP

The developer will be entirely responsible for completing CEQA at their own expense. Should the District need to retain a CEQA consultant to review the CEQA document, the developer shall be responsible for these expenses.

L. The Environmental Documentation Process for the SAMP

The final SAMP will not be approved by the District Board of Directors until all CEQA documentation has been completed by the developer and approved by the county. All improvements recommended in the SAMP shall be included in the CEQA analyses. As applicable, the terms and conditions of the SAMP and the CEQA documentation of the SAMP shall be included in the county's conditions of approval for the subdivision development project.

M. Annexation

If the developer is requesting annexation into the District for one or more services, then all of the environmental impacts, including the appropriate elements of the County General Plan and associated Area Plan Amendments, of such an annexation must be considered during the environmental documentation and costs estimates/funding assurances process performed in this Step 2 of the project in connection with approval of the SAMP.

603.4 Step 3: Project Design and Construction

603.4.1 Intent of this Step

The intent of this step is to move the project into the design and construction phase. The first task is for the District and developer to prepare and execute a Development Agreement. This step may also require the developer to request annexation to the District by the Local Agency Formation Commission (LAFCO) if the proposed project lies outside the District's service area. Once the project area is annexed into the District by LAFCO, then the developer will prepare the final designs for all improvements to the District. The final task prior to commencing construction is for the developer to prepare the final design of the selected alternatives to the infrastructure improvements.

603.4.2 Step 3 Process

This final step in the subdivision process has several steps, including executing the development agreement, supporting annexation if the property is outside the District's service area, preparing final designs, construction, and project acceptance.

A. Develop and Execute Development Agreement

The Development Agreement contains the terms and conditions under which the developer may construct extensions to District infrastructure and for the District to provide services to the proposed project. The details for preparing the Development Agreement are contained in Section 606, below. A sample Development Agreement is contained in Appendix 600-K. Once the Board of Directors has accepted the Development Agreement and it has been executed by both parties, then the developer can move on to the next step in this process, either annexation or project design. The Development Agreement will contain several important clauses.

1. The Development Agreement, either with or without annexation provisions, will not be considered for approval by the District's Board of Directors until all of the CEQA documentation with respect to the SAMP and the implications of annexation have been completed, circulated for public comment, and refined into a final EIR that is approved by the District's Board of Directors.
2. The developer agrees to build the project per District conditions and schedule.
3. Should the Board of Directors determine that supplemental environmental documentation is necessary, then the Development Agreement shall not be considered by the Board until such supplemental documentation is completed and approved.
4. For those projects in which annexation is being requested, the development agreement shall include any and all provisions relative to the annexation process between the developer and the District so that the development agreement acts, in essence, as an annexation agreement as well in those cases in which all or a portion of the development needs to be annexed into the District for one or more services.
5. To insure that once the project moves into the construction phase, the developer will provide an irrevocable letter of credit to be used to complete construction if the developer should stop work for any reason. The amount of this letter of credit shall be one-hundred and twenty-five percent (125%) of the estimated District capital improvement costs for the project as developed in the SAMP.
6. The Development Agreement will contain an indemnification clause which will hold the District harmless for any part of the design and construction process from actions taken by the developer or any third party relative to the development.

7. The District agrees to provide all agreed-upon services to the development. These services may include water, wastewater, fire, parks, and other services that the District may have the power to deliver. If the development is to be annexed into the District, then the power to determine which services will be provided lies with LAFCO after they have determined that adequate CEQA has been done for providing these services and that adequate short- and long-term funding is provided by the developer for them.
8. The development shall not impose any additional short- or long-term financial impacts on the District's existing customer base.

B. Developer Request for Annexation

If the project lies outside the District's service area, then it must be annexed into the District by LAFCO in order to receive services from the District. Prior to considering support for annexation, the developer shall sign an Annexation Agreement with the District. A sample Annexation Agreement is contained in Appendix 600-L.

Requests for annexation will be considered by the Board on the basis of (a) the County General Plan and Area Plan Amendment, (b) input from existing customers and property owners adjacent to the land to be annexed, (c) District workload and technical capacity to fulfill annexation obligations, and (d) any other mitigating circumstances associated with expansion of the District's service area.

If support for annexation is agreed to by the Board of Directors in the Annexation Agreement, such support shall expire with the expiration of the approved CEQA documentation. Details on the annexation process are provided in Section 605, below.

C. Developer Prepares Project Designs

With the Development Agreement executed by all parties and the annexation process completed, then the developer will move into the project design phase. Project designs will conform to the District's Development Improvement Standards, which are described in more detail in Section 606, below. The District and/or its consultants will review and approve all plans submitted by the developer before any construction can commence.

D. Construction Oversight

During construction, the District will oversee all construction to insure that construction meets District's standards. The cost of oversight will be paid by the developer.

E. Final Project Approval

Once the extensions to the District's infrastructure has been completed and approved by the District Engineer, District staff will bring the project to the Board of Directors for final acceptance and approval. At this point, the District will release the construction securities (performance bond or letter of credit). The District will then require a new warranty security in the amount of twenty-five percent (25%) of the actual infrastructure construction cost to provide a guarantee of construction performance of the extended infrastructure. This security

shall be in the form of a surety or warranty bond, irrevocable letter of credit, cash or other insurance instrument acceptable to the District. The term of this security will be two (2) years, unless otherwise approved by the District's Board of Directors.

603.5 Step 4: Performance Guarantee Period

After the project is completed and has been accepted by the District, the developer shall provide a performance warranty in an amount stipulated in the Development Agreement. Such warranty shall guarantee performance of all facilities constructed by or for the developer for the project for a period of at least one (1) year from the time of District approval, or other term, as specified in the Development Agreement. The performance warranty shall be in the form of a bond, irrevocable letter of credit, cash or other warrant acceptable to the District.

604 ENVIRONMENTAL REVIEW GUIDELINES

604.1 General

The District shall comply with all state (and federal, where required) environmental regulations and guidelines. A complete set of Environmental Review Guidelines is provided in Appendix 600-I of this District Operational Policies and Procedures Manual. The regulations contained in Title 14, Division 6, Chapter 3 of the California Administrative Code are incorporated by reference as if set out in full and shall be applicable, except as modified herein, to these procedures (14 Code of California Regulations Section 5022).

604.2 Relationship to Environmental Review

The District has established a preliminary review process to determine whether projects are subject to the California Environmental Quality Act (CEQA) in accordance with Article 5 of the State CEQA Guidelines. Where the District determines that the project is subject to CEQA, the environmental review process is completed as part of the overall project review process of the District. As part of the environmental review process the District may request more information. Under Section 15060 of the State CEQA Guidelines, requiring such information after the application is deemed complete does not change the status of the application.

Once the District has determined that an activity qualifies as a "project" subject to CEQA, it must then determine whether an exemption applies. If after determining that a project is exempt under Section 15061(b) of the State CEQA Guidelines, a Notice of Exemption is prepared by the District. The project may then proceed through discretionary reviews, plan checks, and approval of the project.

If the project is not exempt from CEQA, the District will ensure the completion of an Initial Study to determine whether the project may have a significant effect on the environment. Given the findings of the Initial Study, one of the following is prepared for the project:

- A. A Negative Declaration (finding of no significant impacts),