



Staff Report

TO: Board of Directors

FROM: Shannon Wood, Business Services Technician II
Doug Roderick, P.E., Engineering Manager

DATE: January 12, 2022

**SUBJECT: Water Service Rules and Regulations Section 10.07 -
Prepayment of Capacity Charges**

ENGINEERING

RECOMMENDATION:

Consider approving modification of the Water Service Rules and Regulations Section 10.07 Prepayment of Capacity Charges.

BACKGROUND:

There have been multiple requests from developers, engineering firms, and the Nevada County Contractors Association to review and potentially modify the existing NID Section 10.07 Prepayment of Capacity Charges (attached for reference).

Currently, NID requires the prepayment of a minimum size meter capacity charge when a new waterline extension will serve five or more parcels. The modified rule proposes collecting capacity charges when meter installation is requested, similar to other agencies and jurisdictions.

Collecting capacity charges at the time a meter is requested would result in current fees being paid at the time service is provided. Accepting developer-constructed waterlines into the District's distribution system without collecting capacity charges has minor impacts on the Operations department with additional flushing. However, this will still occur even if capacity fees are pre-paid, until meters are installed and in use. Additionally, capacity fees are not used for labor/maintenance costs associated with flushing.

After discussion at the December 8, 2021, Board meeting, staff was directed to contact other water agencies to query how other agencies/districts collected meter connection fees. The Board requested that staff focus on water agencies/districts, not counties/cities.

Staff contacted the following:

1. **PCWA:** Facilities Agreement: describes the facilities to be installed by the developer/contractor, facilities to be accepted and owned by the Agency, and lists the connection fees associated with the new service(s). Once constructed, they have to pay all connection and meter set fees and a maintenance bond prior to the Agency accepting the facilities. This is how NID currently handles developer projects.
2. **El Dorado Irrigation District:** The County will not “Final Map” the subdivision without a “Meter Award Letter” from EID. They only issue this “Meter Award Letter” when all meters for the subdivision have been purchased. Therefore, EID will “accept” the line extension prior to meter purchase, but the fees are paid prior to a Final Map being approved by the County.
3. **Modesto Irrigation District:** The City of Modesto is responsible for residential water services, and they collect connection fees at Building or Water Permit Issuance
4. **South Feather Water & Power:** System Capacity Fees are paid when water service is requested.
5. **Paradise Irrigation District:** Collects fees upfront prior to acceptance of the waterline.

Truckee Public Utilities District: Connection fees are paid when the Building Permit is issued.

As discussed above, some agencies require pre-payment of fees, while others are effectively collected at time of service. If the Board desires to allow capacity fees to be paid at the time service is requested, staff recommends adopting the proposed language changes to Section 10.07 and associated Form 10-A as shown on the revisions attached to this staff report. If the Board wants to keep Section 10.07 as it is, then no further action is necessary.

BUDGETARY IMPACT: Minimal, if any. Potential loss of investment returns partially offset by increases in capacity fees at the time of service.

ATTACHMENTS:

- Section 10.07 Payment of Capacity Fees – Redline
- Section 10.07 Payment of Capacity Fees – Clean
- Form 10-A Conveyance Agreement – Redline
- Form 10-A Conveyance Agreement - Clean

10.07 ~~PRE~~PAYMENT OF CAPACITY CHARGES

~~In the case of developer-constructed extensions, District shall collect said connection fees at the time application for water service is made. It shall be incumbent upon the water service applicant to pay the then current connection fees and all other then applicable fees and charges.~~

~~All treated water extensions serving greater than four parcels will require the payment of a minimum size meter capacity charge, as shown in Schedule 4 A, for each parcel to be served prior to District acceptance of the extension in the case of developer-constructed extension. District sponsored water line projects are not subject to the requirement of prepayment of capacity charges.~~

10.07 PAYMENT OF CAPACITY CHARGES

In the case of developer-constructed extensions, District shall collect said connection fees at the time application for water service is made. It shall be incumbent upon the water service applicant to pay the then current connection fees and all other then applicable fees and charges.

CONVEYANCE AGREEMENT – MASTER

FORM 10-A

LEGEND

- ZZ** – Developer’s name (In Caps) =
- << --** Street address of Developer =
- >> --** City, state, and zip code of Developer =
- YY** – Parcel number =
- ww** – Project known as, etc. =
- xx** – Filed in District office as =
- vv** – Engineering Firm =
- uu** – Description listing length & diameter of pipe, etc. =
- ##** – How many sheets =
- qq** – County in =

AGREEMENT

(Conveyance)

THIS AGREEMENT made and entered into this _____ day of _____, 20____, by and between the NEVADA IRRIGATION DISTRICT, hereinafter referred to as "District" and ZZ, hereinafter referred to as "Developer".

RECITALS

WHEREAS, Developer has prepared or caused to be prepared, at Developer's sole cost, expense, and responsibility, plans and specifications entitled ww, (filed in District's office as xx"), as prepared by vv for construction of water system improvements consisting generally of uu and all appurtenances thereto, to provide treated water to qq County AP YY, a copy of which is attached hereto marked Exhibit "A" and made a part of this Agreement; and

WHEREAS, the plans and specifications contained in Exhibit "A" meet with the State Water Resources Control Board Division of Drinking Water and District Engineer's acceptance; and

WHEREAS, the facilities and lands to be served treated water by said water system improvements lie within the boundaries of the District and are more particularly described in Exhibit "A"; and

WHEREAS, Developer desires District to accept said water system improvements into District's overall water system upon completion; and

WHEREAS, District, subject to the following terms and conditions, as well as those contained in the District's Regulations Relating to Water Service, is willing to accept said water system improvements upon completion, provided the water system improvements are constructed in accordance with the plans and specifications and in a manner meeting District's approval;

NOW, THEREFORE, the parties mutually agree as follows:

ARTICLE 1 - RECITALS: The recitals contained herein are an integral part of this Agreement.

ARTICLE 2 - PLANS: Attached hereto marked Exhibit "A" and made a part of this Agreement is one set of plans reduced to 11" x 17", prepared by the Developer's licensed civil engineer, and consisting of ## sheets, and specifications for construction of water system improvements. The District's acceptance of these plans and specifications does not constitute a warranty or guaranty by District of proper design nor does it relieve Developer of responsibility for the proper design and construction of the improvements thereon.

EITHER

~~ARTICLE 3 – CAPACITY CHARGES AND CONNECTION FEES: Pursuant to Section 10.07 of the District's "Regulations Relating to Water Service", a capacity charge for a minimum size meter shall be paid by the Developer for each parcel to be served by the water system improvements, prior to District's acceptance of the improvements. The capacity charge for a minimum size meter shall be as shown in Schedule 4-A, entitled, "Treated Water System,~~

~~Standby Charges, and Connection Fees”, which is attached hereto and marked Exhibit “B” and made a part of this Agreement. Therefore, Developer, prior to conveying the water system improvements to District, agrees to and shall pay District the then current capacity charges for a 5/8-inch meter (currently \$_____) for each of the _____ parcels shown in Exhibit “A”. Based on the current Schedule 4-A, the total capacity charges to be paid prior to conveyance equals \$_____. Developer understands and agrees to be bound by any District alterations, additions, amendments, revisions, or modifications to Schedule 4-A, or any other District policies, rules, or regulations.~~

~~Those parcels described in Exhibit “A”, upon application for water service, shall be credited the then current capacity charges for a 5/8-inch meter and shall otherwise be subject to all connection fees as shown in the then current Schedule 4-A, or its equivalent, and all other then applicable fees and charges.~~

ARTICLE 3 - CONNECTION FEES: Attached hereto and marked Exhibit “B” and made a part of this Agreement, is Schedule 4-A of the Board of Directors of Nevada Irrigation District entitled, “Treated Water System, Standby Charges, and Connection Fees”. Developer understands and agrees to be bound by any District alterations, additions, amendments, revisions or modifications to Schedule 4-A or any other District policies, rules, or regulations. All parties hereby agree hereto that District is entitled to those connection fees (the sum of the meter installation and capacity charges) as specified in Schedule 4-A. District shall collect said connection fees at the time application for water service is made. It shall be incumbent upon the water service applicant to pay the then current connection fees and all other then applicable fees and charges.

OR

~~ARTICLE 3 – CAPACITY CHARGES AND CONNECTION FEES: Developer shall prepay Capacity charges. The Capacity Charge for the type of development covered by the Conveyance Agreement shall be as shown in the most current edition of Schedule 4-A, entitled, “Treated Water System, Standby Charges, and Connection Fees”, which is attached hereto and marked Exhibit “B”, and made a part of this Agreement. Therefore, Developer agrees and shall pay District, prior to conveying the water system improvements to District, the then current capacity charges for each of the [Number & Description of Units]. Based on the current Schedule 4-A, capacity charges are \$_____ per unit. Therefore, based on the current Schedule 4-A, the total charges to be paid prior to the conveyance equals \$_____.~~

~~Developer agrees to, and shall pay District, the then current meter installation charges as shown in Schedule 4-A at the time of making application for water service. Developer also agrees to, and shall pay District, all other applicable fees and charges for water service.~~

~~Developer understands and agrees to be bound by any District alterations, additions, amendments, revisions, or modifications to Schedule 4-A, or any other District policies, rules, or regulations.~~

ARTICLE 4 - ENGINEERING, PLAN-CHECK, AND INSPECTION SERVICES PERFORMED BY DISTRICT: District and Developer understand and agree that Developer shall assume the cost and expense of District’s performance of “engineering, plan-check, and inspection services”, hereinafter referred to as “inspection”, in connection with Developer’s construction of water system improvements described in Exhibit “A” attached hereto. Developer shall deposit the sum of \$_____, receipt of which is hereby acknowledged by District, which sum shall be applied to Developer’s payment for inspection services performed by District. Should the fee for inspection services exceed the above deposit, Developer agrees to pay any balance due within 30 days after the date of the billing. A late payment charge of 1.5 percent per month will

be added on any unpaid balance thereafter. Furthermore, the Developer agrees to pay any balance due prior to offering the improvements to District. District shall not accept conveyance until any balance due is paid. Should the fee for inspection services be less than the above deposit, District shall refund the remaining amount to Developer. The primary purpose of this paragraph within Article 4 is intended to compensate and reimburse District for any and all inspection services performed in connection with Developer's construction of treated water system facilities described in Exhibit "A" attached hereto. District's acceptance of payment for inspection services performed is not a warranty or guarantee by District of proper design or proper specifications of materials or construction.

ARTICLE 5 - LABOR AND MATERIAL PAYMENT BONDING REQUIREMENTS: The Developer shall defend and indemnify the District against all claims for nonpayment of labor, material, and other obligations incurred by the Developer, its agents, contractors, employees, and assigns. The estimated cost of construction of the water system improvements is \$_____.

Should the estimated cost of constructing the improvements be less than \$50,000 at the time of offering the water system improvements to the District, the Developer shall provide a written "OFFER OF DEDICATION" in the form as described in Exhibit "C" attached hereto and made a part hereof. The "OFFER OF DEDICATION" shall state inter alia that the improvements are free and clear of all liens, encumbrances, and other expense.

Should the estimated cost of constructing the water system improvements be less than \$500,000, but more than \$50,000, in addition to supplying a written "OFFER OF DEDICATION" in the form as described in Exhibit "C", the Developer shall either submit a "RELEASE" agreement in the form of Exhibit "D", attached hereto and made a part hereof, from each and every contractor, subcontractor, corporation, firm, person, or business entity furnishing materials for or performing labor or other services in performing the terms and provisions of this Agreement, or a Labor and Material Payment Bond to the District in the form prescribed by Exhibit "E" attached hereto and made a part hereof the principal sum of not less than the estimated construction cost as provided herein. In addition, Developer shall maintain an accurate and current list of all contractors, subcontractors, business entities, corporations, firms, and/or persons performing the terms and provisions of this Agreement, and shall make this list available to the District engineer upon request.

Should the estimated cost of constructing the water system improvements be in excess of \$500,000, the Developer shall, prior to commencing construction, submit a Labor and Material Payment Bond in the form as shown in Exhibit "E" attached hereto and made a part hereof. The bond shall be obtained at the sole cost of Developer and shall be in a principal amount of not less than the estimated cost of construction as set forth herein. In addition, the Developer shall, at the time of offering the water system improvements to the District, provide an "OFFER OF DEDICATION" statement in the form as set forth in Exhibit "C", attached hereto and made a part hereof, which statement verifies that the water system improvements are free and clear of all liens, encumbrances, and other expense.

ARTICLE 6 - INSURANCE REQUIREMENTS: Prior to Developer's commencement of construction of the water system improvements as otherwise set forth in the terms and provisions of this Agreement, general liability insurance naming the District as additional named insured shall be taken out and maintained for the duration of this Conveyance Agreement by Developer or Developer's contractor for claims for damages to property, personal injury, bodily injury, and accidental death. The types of insurance covered under the general liability policy shall include, but not be limited to, comprehensive form, premises-operations, underground hazard, products/completed operations hazard, broad form property damage, independent contractor, and personal injury. Prior to any blasting operations for removal of rock, stumps, or other materials

from the work area, the general liability policy must also contain explosion and collapse hazard coverage. It shall also include coverage for Products-Completed Operations liability losses for a period of 12 months from the date of District's acceptance of the completed works. (This time period corresponds with the 12-month maintenance bond requirement.) All insurance acquired under the terms of this article must be obtained through an insurance company authorized and licensed to do business in the State of California. The general liability policy shall contain limits of liability as follows:

1. Bodily Injury: \$1,000,000 for each occurrence, \$1,000,000 aggregate
2. Property Damage: \$500,000 each occurrence, \$500,000 aggregate.

General Liability Insurance policies having combined single limits damage combined of liability shall carry limits for bodily injury and property damage combined of \$1,000,000 each occurrence and \$1,000,000 aggregate.

The certificate of insurance shall also have a description of operations/locations/vehicles that refers specifically to the water system improvements.

ARTICLE 7 - PROOF OF INSURANCE: The Developer shall submit or cause to be submitted a copy of the insurance policy(ies) with endorsements and exclusions, and shall submit a certified copy of the endorsement naming the District as additional insured to the District as proof of general liability insurance as required by this Agreement. Developer shall receive District approval that the insurance requirements of this Agreement have been met. The Developer must receive this approval prior to the start of construction pursuant to the terms of this Agreement.

ARTICLE 8 - HOLD HARMLESS AND INDEMNIFICATION: Developer shall hold District and District's agents, officers, and employees harmless from any and all claims, lawsuits, acts, or omissions arising out of Developer's performance of the terms and conditions of this Agreement. Likewise, Developer shall defend and/or pay the cost of defending and indemnifying District together with District's Agents, employees, and officers from all civil proceedings, claims, and/or judgments including, but not limited to, payment of all attorney fees and litigation costs.

ARTICLE 9 – INSPECTION OF WORK: Developer shall give two working days' advance notice prior to Developer's contractor starting any work associated with the water system improvements and shall keep District informed of construction schedules throughout the course of the work in order for District to properly schedule inspection personnel. It is suggested that Developer's contractor provide District submittals on any materials proposed for the water system improvements for approval prior to purchase.

ARTICLE 10 - BEGINNING OF WORK OR TERMINATION: This Agreement shall terminate and be of no further force or effect at District's discretion should District determine that Developer has failed to cause construction of the water system improvements as shown on Exhibit "A" to commence within nine (9) months from the date of this Agreement.

For purposes of this Article, Developer's commencement of construction shall not be deemed to have occurred upon one or any combination of the following actions or events:

1. Bid advertisement
2. Execution of contracts or bonds
3. Ordering of material and supplies or the delivery and stockpiling of materials and supplies on the job site.
4. Clearing and grubbing for or construction of roads including the completion of rough subgrade work.

District and Developer understand and agree that construction upon the water system improvements shall be deemed to have commenced when Developer causes its properly-licensed contractor to excavate and backfill pipeline in excess of 10 percent of the total water system to be constructed pursuant to the terms of this Agreement. The District engineer shall make the determination as to the percentage of water system caused to be constructed and installed by Developer.

ARTICLE 11 - CONSTRUCTION: Developer shall cause the water system improvements described in Exhibit "A" to be constructed by a properly-licensed contractor, without expense to District, and District shall not be responsible for any of the cost of said improvements. The Developer is not acting as a contractor, agent, official, or representative of District in constructing or providing such water system improvements, or in causing such improvements to be installed. This Agreement simply provides for the transfer and assumption of responsibility for such water system improvements to be installed upon completion and upon performance of all terms of this Agreement to be performed by Developer. The approval of the plans and specifications as presented by Developer shall not be deemed as a warranty or guarantee by District of proper design or proper specifications of materials or construction. District specifically relies upon the design and specifications as prepared or caused to be prepared by Developer as being in keeping with the requirements of District, as being in accordance with the conditions of the geography, and as having specific materials and equipment of the highest practicable quality and character. The Developer will provide a licensed civil engineer to act as the project engineer during construction.

ARTICLE 12 - NOTIFICATION OF DEVIATIONS OR FAILURES: District agrees to notify Developer in writing as to any deviations or failure in construction of the water system improvements pursuant to said plans and specifications, and the requirements of said District as soon as any deviation is brought to District's attention, and Developer shall immediately cause such deviation or failure to be corrected at the sole cost of Developer. Developer agrees that District is not, by inspection of the construction or installation of the improvements, representing Developer or providing a substitute for inspection and control of the work by Developer. Developer agrees that any inspections and observations of the work by District are for the sole purposes of providing notice of the stage and character of the work. Developer agrees that the failure of the District to note variances from the plans and specifications for the project does not excuse or exempt Developer from complying with all terms of these plans and specifications.

ARTICLE 13 - REIMBURSEMENT FOR MONIES EXPENDED BY DEVELOPER: Should Developer desire reimbursement for the monies expended in the installation and construction of water system improvements as provided in the terms and provisions of this Agreement in addition to all other monies expended for the acquisition of rights of way and employment of engineers and contractors for construction, planning, and design of the water system improvements, then Developer shall request such reimbursement in writing and deliver such writing to District headquarters 30 days prior to conveyance of the water system improvements to District as provided in Article 15 herein. District, upon receiving Developer's written request for reimbursement for monies expended pursuant to the terms and provisions of this Agreement, will then determine whether or not Developer is entitled to reimbursement pursuant to District policies, rules, and regulations then in effect. Should District determine that Developer may be entitled to reimbursement, then District, in its sole discretion, may enter into a reimbursement agreement with Developer which shall provide for the method and manner by which Developer would achieve reimbursement of its monies expended for the construction and installation of the water system improvements. Should the District, in its discretion, determine to enter into a reimbursement agreement with Developer, such agreement shall be prepared and entered into prior to Developer's conveyance of water distribution facilities to District, all as set forth in Article 15

herein. The reimbursement agreement shall provide for the method and manner by which District may assist Developer in obtaining reimbursement of a portion of monies expended by Developer for the water system improvements constructed pursuant to the terms of this Agreement.

The Developer is advised that for facilities installed with public funds, the Labor Code requires that all craftsmen, mechanics and laborers be paid the local prevailing wages. The District has not ascertained whether or not reimbursement could be construed as public funding. The Developer assumes all risk as to whether reimbursement could be construed as public funding, and indemnifies the District from all liability claims arising or alleged to arise from construction wages not conforming to local prevailing wages.

IF DISTRICT PARTICIPATION (Fee Credit or District Contribution) IS INVOLVED, INCLUDE THE FOLLOWING:

ARTICLE 14 – PREVAILING WAGES The Developer's attention is directed to and the Developer shall comply with Sections 1720 to 1780, inclusive of the California Labor Code,.

All craftsman, mechanics, and laborers employed or working upon the site of the work (water system improvements) will be paid unconditionally and without subsequent deductions or rebate on any account the full amounts due at the time of payment at wage rates not less than those contained in the wage determination which is referenced herein and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the Developer, the Developer's Contractor and subcontractors and such laborers and mechanics.

In accordance with Section 1770 of the Labor Code, the District has ascertained that the local prevailing wage rates shall be as determined by the California Department of Industrial Relations. Said rates are accessible on the Internet under the heading "General Prevailing Wage Determination made by the Director of Industrial Relations pursuant to California Labor Code Part 7, Chapter 1, Article 2, Section 1770, 1773 and 1773.1". The Internet address is <http://www.dir.ca.gov/>. The wage determination shall be posted by the Developer's Contractor before start of work, throughout the work, and at the site of work in a prominent place where it can easily be seen by the workers.

The Developer, the Developer's Contractor, and his subcontractors shall comply with Section 1775 of the California Labor Code concerning the payment of prevailing rate of per diem wages. In accordance with this section, should the Developer's Contractor or his subcontractor fail to pay prevailing rates, the Labor Commissioner may assess monetary forfeitures. The Developer will be responsible for payment of any penalties. A labor and material payment bond is required as specified in this Conveyance Agreement.

ARTICLE 14 - COMPLETION OF WORK OR TERMINATION: This Agreement shall terminate and be of no further force or effect at District's discretion should District determine that Developer has failed to cause construction of the water system improvements as shown on Exhibit "A" to be completed within one and one-half (1-1/2) years from the date of this Agreement.

For the purposes of this Article, Developer's completion of the construction shall occur upon the District's accepting conveyance of the water system improvements pursuant to Article 15 of this Agreement. Developer further understands and agrees that District may withhold acceptance of Developer's proposed dedication of the facilities should the District Engineer determine that any portion of the water system improvements have failed to pass appropriate pressure and leakage tests or that samples of water taken from the treated water lines and tested are determined not to be safe by the District Engineer. Developer understands and agrees the District may also withhold acceptance of the proposed dedication of water system should the

District Engineer determine that Developer failed to complete all other construction either over, under or adjacent to the water system improvements including but not limited to final road grade, paving, curbs, gutters, sidewalks, all other utilities, and restoration of rights of way.

ARTICLE 15 - CONVEYANCE: Upon completion of the water system improvements in a manner meeting District's approval, Developer shall immediately convey said improvements and title thereto free and clear of all liens, encumbrances and expense to District by such conveyance and documents as deemed necessary by District, including but not limited to the following:

1. An executed "OFFER OF DEDICATION" (Exhibit "C") offering the water system improvements shown on Exhibit "A" to the District.
2. "RELEASE" statements (Exhibit "D") from every contractor, subcontractor, corporation, firm or business entity furnishing materials for or performing labor or other services, OR a Labor and Material Payment Bond (Exhibit "E"), all as specified in Article 5.
3. Developer shall provide District with proof satisfactory to District that Developer has acquired all local, state, and federal permits, maps or licenses and that Developer shall comply with all local, state and federal rules, ordinances and regulations relevant to the real property on, over or under which the water system improvements are situated.
- ~~4. Payment of capacity charges due District pursuant to then current District rules and regulations and as specified in Article 3 of this Agreement.~~
- ~~5.4.~~ Payment of any balance due for engineering, plan-check, and inspection services performed by District.
- ~~6.5.~~ One set of 24-inch by 36-inch reproducible "as-built" drawings on Mylar or material of suitable durability of the improvements constructed.
- ~~7.6.~~ All easements and rights of way required by District.
- ~~8.7.~~ The Developer-constructed water system shall be flushed (or re-flushed) and shall pass bacteriological testing no earlier than 14 calendar days prior to the date the General Manager accepts the Offer of Dedication. The Developer shall provide for proper drainage and de-chlorination equipment during flushing operations.
- ~~9.8.~~ Developer shall furnish a Maintenance Bond in the form prescribed in Exhibit "F" attached hereto and made part hereof in an amount of not less than 20 percent of construction cost of the water system improvements protecting the District against any failure of the work due to faulty materials, poor workmanship, or defective equipment within a period of one year following acceptance of the "OFFER OF DEDICATION" of the water system improvements by the District's Board of Directors.

In place of a Maintenance Bond, the Developer may offer a certificate of deposit or an irrevocable letter of credit meeting the District's approval as to form and financial institute utilized. Certificates of deposit used in lieu of a maintenance bond must be opened either in the Developer's name and specifically assigned to the District or opened on behalf of the District only. The signatory for the District shall be the Treasurer or Assistant Treasurer of the District.

District, upon approving the work in writing, shall accept the "OFFER OF DEDICATION" of the water system improvements and include said improvements into its overall water system and shall operate, maintain, and repair said improvements except as specified during the warranty period.

ARTICLE 16 - APPLICATION FOR WATER: No water shall be delivered to or conveyed by or through the water system improvements shown on Exhibit "A", other than for testing purposes, until said water system is conveyed to District, formally accepted by District, and proper applications for water service have been filed with District and accepted.

ARTICLE 17 - OBLIGATION FOR PIPELINES AND/OR FACILITIES: District shall be under no obligation to provide additional pipelines and/or facilities in order to serve water to Developer's project. Upon acceptance of the water system improvements by District, it shall become the sole property of District and shall be used and operated at District's sole discretion.

EITHER

ARTICLE 18 - RULES AND REGULATIONS: Upon the water system improvements being accepted by District, Developer, its successors and assigns, shall be subject to and shall comply with all of the rules and regulations of District and shall pay the water rates, tolls and charges, and standby charges as they may be levied and/or established by District's Board of Directors from time to time.

For purposes of determining standby charges, each parcel to be served from the water system improvements will be assessed from the District acceptance date regardless of the status of the recording of the final map by the appropriate county.

OR

ARTICLE 18 - RULES AND REGULATIONS: Upon the water system improvements being accepted by District, Developer, its successors and assigns, shall be subject to and shall comply with all of the rules and regulations of District and shall pay the water rates, tolls and charges, and standby charges as they may be levied and/or established by District's Board of Directors from time to time. In addition, Developer, its heirs, successors, conservators, guardians, and assigns shall be subject to compliance with the then current rules and regulations of District governing the conversion of multi-family units such as apartment units to condominium units which conversion currently requires payment of higher capacity fees to District and requires converting the District's master meters now utilized for apartment (multi-party) units into separate meters for each condominium unit.

For purposes of determining standby charges, each parcel to be served from the water system improvements will be assessed from the District acceptance date regardless of the status of the recording of the final map by the appropriate county.

ARTICLE 19 - ASSIGNMENT: No transfer or assignment may be made by Developer of this Agreement or any part or interest of law unless such transfer or assignment is approved in writing by the District, provided further that District shall not unreasonably withhold consent to transfer or assignment. In the event of such transfer or assignment, District may, at its sole option and in addition to any other remedy that it may have, elect to terminate this Agreement.

ARTICLE 20 - NOTICES: The mailing addresses of District and Developer for purposes of giving any notice required pursuant to this Agreement are as follows:

DISTRICT	DEVELOPER
NEVADA IRRIGATION DISTRICT	ZZ
1036 West Main Street	<<
Grass Valley, CA 95945	>>

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

NEVADA IRRIGATION DISTRICT

By _____
President

By _____
Secretary
DEVELOPER

By _____

By _____

CONVEYANCE AGREEMENT – MASTER

FORM 10-A

LEGEND

- ZZ** – Developer’s name (In Caps) =
- << --** Street address of Developer =
- >> --** City, state, and zip code of Developer =
- YY** – Parcel number =
- ww** – Project known as, etc. =
- xx** – Filed in District office as =
- vv** – Engineering Firm =
- uu** – Description listing length & diameter of pipe, etc. =
- ##** – How many sheets =
- qq** – County in =

AGREEMENT

(Conveyance)

THIS AGREEMENT made and entered into this _____ day of _____, 20____, by and between the NEVADA IRRIGATION DISTRICT, hereinafter referred to as "District" and ZZ, hereinafter referred to as "Developer".

RECITALS

WHEREAS, Developer has prepared or caused to be prepared, at Developer's sole cost, expense, and responsibility, plans and specifications entitled ww, (filed in District's office as xx"), as prepared by vv for construction of water system improvements consisting generally of uu and all appurtenances thereto, to provide treated water to qq County AP YY, a copy of which is attached hereto marked Exhibit "A" and made a part of this Agreement; and

WHEREAS, the plans and specifications contained in Exhibit "A" meet with the State Water Resources Control Board Division of Drinking Water and District Engineer's acceptance; and

WHEREAS, the facilities and lands to be served treated water by said water system improvements lie within the boundaries of the District and are more particularly described in Exhibit "A"; and

WHEREAS, Developer desires District to accept said water system improvements into District's overall water system upon completion; and

WHEREAS, District, subject to the following terms and conditions, as well as those contained in the District's Regulations Relating to Water Service, is willing to accept said water system improvements upon completion, provided the water system improvements are constructed in accordance with the plans and specifications and in a manner meeting District's approval;

NOW, THEREFORE, the parties mutually agree as follows:

ARTICLE 1 - RECITALS: The recitals contained herein are an integral part of this Agreement.

ARTICLE 2 - PLANS: Attached hereto marked Exhibit "A" and made a part of this Agreement is one set of plans reduced to 11" x 17", prepared by the Developer's licensed civil engineer, and consisting of ## sheets, and specifications for construction of water system improvements. The District's acceptance of these plans and specifications does not constitute a warranty or guaranty by District of proper design nor does it relieve Developer of responsibility for the proper design and construction of the improvements thereon.

ARTICLE 3 - CONNECTION FEES: Attached hereto and marked Exhibit "B" and made a part of this Agreement, is Schedule 4-A of the Board of Directors of Nevada Irrigation District entitled, "Treated Water System, Standby Charges, and Connection Fees". Developer understands and agrees to be bound by any District alterations, additions, amendments, revisions or modifications to Schedule 4-A or any other District policies, rules, or regulations. All parties hereby agree hereto that District is entitled to those connection fees (the sum of the meter installation and capacity charges) as specified in Schedule 4-A. District shall collect said

connection fees at the time application for water service is made. It shall be incumbent upon the water service applicant to pay the then current connection fees and all other then applicable fees and charges.

ARTICLE 4 - ENGINEERING, PLAN-CHECK, AND INSPECTION SERVICES PERFORMED BY DISTRICT: District and Developer understand and agree that Developer shall assume the cost and expense of District's performance of "engineering, plan-check, and inspection services", hereinafter referred to as "inspection", in connection with Developer's construction of water system improvements described in Exhibit "A" attached hereto. Developer shall deposit the sum of \$_____, receipt of which is hereby acknowledged by District, which sum shall be applied to Developer's payment for inspection services performed by District. Should the fee for inspection services exceed the above deposit, Developer agrees to pay any balance due within 30 days after the date of the billing. A late payment charge of 1.5 percent per month will be added on any unpaid balance thereafter. Furthermore, the Developer agrees to pay any balance due prior to offering the improvements to District. District shall not accept conveyance until any balance due is paid. Should the fee for inspection services be less than the above deposit, District shall refund the remaining amount to Developer. The primary purpose of this paragraph within Article 4 is intended to compensate and reimburse District for any and all inspection services performed in connection with Developer's construction of treated water system facilities described in Exhibit "A" attached hereto. District's acceptance of payment for inspection services performed is not a warranty or guarantee by District of proper design or proper specifications of materials or construction.

ARTICLE 5 - LABOR AND MATERIAL PAYMENT BONDING REQUIREMENTS: The Developer shall defend and indemnify the District against all claims for nonpayment of labor, material, and other obligations incurred by the Developer, its agents, contractors, employees, and assigns. The estimated cost of construction of the water system improvements is \$_____.

Should the estimated cost of constructing the improvements be less than \$50,000 at the time of offering the water system improvements to the District, the Developer shall provide a written "OFFER OF DEDICATION" in the form as described in Exhibit "C" attached hereto and made a part hereof. The "OFFER OF DEDICATION" shall state inter alia that the improvements are free and clear of all liens, encumbrances, and other expense.

Should the estimated cost of constructing the water system improvements be less than \$500,000, but more than \$50,000, in addition to supplying a written "OFFER OF DEDICATION" in the form as described in Exhibit "C", the Developer shall either submit a "RELEASE" agreement in the form of Exhibit "D", attached hereto and made a part hereof, from each and every contractor, subcontractor, corporation, firm, person, or business entity furnishing materials for or performing labor or other services in performing the terms and provisions of this Agreement, or a Labor and Material Payment Bond to the District in the form prescribed by Exhibit "E" attached hereto and made a part hereof the principal sum of not less than the estimated construction cost as provided herein. In addition, Developer shall maintain an accurate and current list of all contractors, subcontractors, business entities, corporations, firms, and/or persons performing the terms and provisions of this Agreement, and shall make this list available to the District engineer upon request.

Should the estimated cost of constructing the water system improvements be in excess of \$500,000, the Developer shall, prior to commencing construction, submit a Labor and Material Payment Bond in the form as shown in Exhibit "E" attached hereto and made a part hereof. The bond shall be obtained at the sole cost of Developer and shall be in a principal amount of not less than the estimated cost of construction as set forth herein. In addition, the Developer shall, at the time of offering the water system improvements to the District, provide an "OFFER OF

DEDICATION” statement in the form as set forth in Exhibit “C”, attached hereto and made a part hereof, which statement verifies that the water system improvements are free and clear of all liens, encumbrances, and other expense.

ARTICLE 6 - INSURANCE REQUIREMENTS: Prior to Developer’s commencement of construction of the water system improvements as otherwise set forth in the terms and provisions of this Agreement, general liability insurance naming the District as additional named insured shall be taken out and maintained for the duration of this Conveyance Agreement by Developer or Developer’s contractor for claims for damages to property, personal injury, bodily injury, and accidental death. The types of insurance covered under the general liability policy shall include, but not be limited to, comprehensive form, premises-operations, underground hazard, products/completed operations hazard, broad form property damage, independent contractor, and personal injury. Prior to any blasting operations for removal of rock, stumps, or other materials from the work area, the general liability policy must also contain explosion and collapse hazard coverage. It shall also include coverage for Products-Completed Operations liability losses for a period of 12 months from the date of District’s acceptance of the completed works. (This time period corresponds with the 12-month maintenance bond requirement.) All insurance acquired under the terms of this article must be obtained through an insurance company authorized and licensed to do business in the State of California. The general liability policy shall contain limits of liability as follows:

1. Bodily Injury: \$1,000,000 for each occurrence, \$1,000,000 aggregate
2. Property Damage: \$500,000 each occurrence, \$500,000 aggregate.

General Liability Insurance policies having combined single limits damage combined of liability shall carry limits for bodily injury and property damage combined of \$1,000,000 each occurrence and \$1,000,000 aggregate.

The certificate of insurance shall also have a description of operations/locations/vehicles that refers specifically to the water system improvements.

ARTICLE 7 - PROOF OF INSURANCE: The Developer shall submit or cause to be submitted a copy of the insurance policy(ies) with endorsements and exclusions, and shall submit a certified copy of the endorsement naming the District as additional insured to the District as proof of general liability insurance as required by this Agreement. Developer shall receive District approval that the insurance requirements of this Agreement have been met. The Developer must receive this approval prior to the start of construction pursuant to the terms of this Agreement.

ARTICLE 8 - HOLD HARMLESS AND INDEMNIFICATION: Developer shall hold District and District’s agents, officers, and employees harmless from any and all claims, lawsuits, acts, or omissions arising out of Developer’s performance of the terms and conditions of this Agreement. Likewise, Developer shall defend and/or pay the cost of defending and indemnifying District together with District’s Agents, employees, and officers from all civil proceedings, claims, and/or judgments including, but not limited to, payment of all attorney fees and litigation costs.

ARTICLE 9 – INSPECTION OF WORK: Developer shall give two working days’ advance notice prior to Developer’s contractor starting any work associated with the water system improvements and shall keep District informed of construction schedules throughout the course of the work in order for District to properly schedule inspection personnel. It is suggested that Developer’s contractor provide District submittals on any materials proposed for the water system improvements for approval prior to purchase.

ARTICLE 10 - BEGINNING OF WORK OR TERMINATION: This Agreement shall terminate and be of no further force or effect at District's discretion should District determine that Developer has failed to cause construction of the water system improvements as shown on Exhibit "A" to commence within nine (9) months from the date of this Agreement.

For purposes of this Article, Developer's commencement of construction shall not be deemed to have occurred upon one or any combination of the following actions or events:

1. Bid advertisement
2. Execution of contracts or bonds
3. Ordering of material and supplies or the delivery and stockpiling of materials and supplies on the job site.
4. Clearing and grubbing for or construction of roads including the completion of rough subgrade work.

District and Developer understand and agree that construction upon the water system improvements shall be deemed to have commenced when Developer causes its properly-licensed contractor to excavate and backfill pipeline in excess of 10 percent of the total water system to be constructed pursuant to the terms of this Agreement. The District engineer shall make the determination as to the percentage of water system caused to be constructed and installed by Developer.

ARTICLE 11 - CONSTRUCTION: Developer shall cause the water system improvements described in Exhibit "A" to be constructed by a properly-licensed contractor, without expense to District, and District shall not be responsible for any of the cost of said improvements. The Developer is not acting as a contractor, agent, official, or representative of District in constructing or providing such water system improvements, or in causing such improvements to be installed. This Agreement simply provides for the transfer and assumption of responsibility for such water system improvements to be installed upon completion and upon performance of all terms of this Agreement to be performed by Developer. The approval of the plans and specifications as presented by Developer shall not be deemed as a warranty or guarantee by District of proper design or proper specifications of materials or construction. District specifically relies upon the design and specifications as prepared or caused to be prepared by Developer as being in keeping with the requirements of District, as being in accordance with the conditions of the geography, and as having specific materials and equipment of the highest practicable quality and character. The Developer will provide a licensed civil engineer to act as the project engineer during construction.

ARTICLE 12 - NOTIFICATION OF DEVIATIONS OR FAILURES: District agrees to notify Developer in writing as to any deviations or failure in construction of the water system improvements pursuant to said plans and specifications, and the requirements of said District as soon as any deviation is brought to District's attention, and Developer shall immediately cause such deviation or failure to be corrected at the sole cost of Developer. Developer agrees that District is not, by inspection of the construction or installation of the improvements, representing Developer or providing a substitute for inspection and control of the work by Developer. Developer agrees that any inspections and observations of the work by District are for the sole purposes of providing notice of the stage and character of the work. Developer agrees that the failure of the District to note variances from the plans and specifications for the project does not excuse or exempt Developer from complying with all terms of these plans and specifications.

ARTICLE 13 - REIMBURSEMENT FOR MONIES EXPENDED BY DEVELOPER: Should Developer desire reimbursement for the monies expended in the installation and construction of water system improvements as provided in the terms and provisions of this Agreement in addition

to all other monies expended for the acquisition of rights of way and employment of engineers and contractors for construction, planning, and design of the water system improvements, then Developer shall request such reimbursement in writing and deliver such writing to District headquarters 30 days prior to conveyance of the water system improvements to District as provided in Article 15 herein. District, upon receiving Developer's written request for reimbursement for monies expended pursuant to the terms and provisions of this Agreement, will then determine whether or not Developer is entitled to reimbursement pursuant to District policies, rules, and regulations then in effect. Should District determine that Developer may be entitled to reimbursement, then District, in its sole discretion, may enter into a reimbursement agreement with Developer which shall provide for the method and manner by which Developer would achieve reimbursement of its monies expended for the construction and installation of the water system improvements. Should the District, in its discretion, determine to enter into a reimbursement agreement with Developer, such agreement shall be prepared and entered into prior to Developer's conveyance of water distribution facilities to District, all as set forth in Article 15 herein. The reimbursement agreement shall provide for the method and manner by which District may assist Developer in obtaining reimbursement of a portion of monies expended by Developer for the water system improvements constructed pursuant to the terms of this Agreement.

The Developer is advised that for facilities installed with public funds, the Labor Code requires that all craftsmen, mechanics and laborers be paid the local prevailing wages. The District has not ascertained whether or not reimbursement could be construed as public funding. The Developer assumes all risk as to whether reimbursement could be construed as public funding, and indemnifies the District from all liability claims arising or alleged to arise from construction wages not conforming to local prevailing wages.

IF DISTRICT PARTICIPATION (Fee Credit or District Contribution) IS INVOLVED, INCLUDE THE FOLLOWING:

ARTICLE 14 – PREVAILING WAGES The Developer's attention is directed to and the Developer shall comply with Sections 1720 to 1780, inclusive of the California Labor Code,.

All craftsman, mechanics, and laborers employed or working upon the site of the work (water system improvements) will be paid unconditionally and without subsequent deductions or rebate on any account the full amounts due at the time of payment at wage rates not less than those contained in the wage determination which is referenced herein and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the Developer, the Developer's Contractor and subcontractors and such laborers and mechanics.

In accordance with Section 1770 of the Labor Code, the District has ascertained that the local prevailing wage rates shall be as determined by the California Department of Industrial Relations. Said rates are accessible on the Internet under the heading "General Prevailing Wage Determination made by the Director of Industrial Relations pursuant to California Labor Code Part 7, Chapter 1, Article 2, Section 1770, 1773 and 1773.1". The Internet address is <http://www.dir.ca.gov/>. The wage determination shall be posted by the Developer's Contractor before start of work, throughout the work, and at the site of work in a prominent place where it can easily be seen by the workers.

The Developer, the Developer's Contractor, and his subcontractors shall comply with Section 1775 of the California Labor Code concerning the payment of prevailing rate of per diem wages. In accordance with this section, should the Developer's Contractor or his subcontractor fail to pay prevailing rates, the Labor Commissioner may assess monetary forfeitures. The Developer will be responsible for payment of any penalties. A labor and material payment bond is required as specified in this Conveyance Agreement.

ARTICLE 14 - COMPLETION OF WORK OR TERMINATION: This Agreement shall terminate and be of no further force or effect at District's discretion should District determine that Developer has failed to cause construction of the water system improvements as shown on Exhibit "A" to be completed within one and one-half (1-1/2) years from the date of this Agreement.

For the purposes of this Article, Developer's completion of the construction shall occur upon the District's accepting conveyance of the water system improvements pursuant to Article 15 of this Agreement. Developer further understands and agrees that District may withhold acceptance of Developer's proposed dedication of the facilities should the District Engineer determine that any portion of the water system improvements have failed to pass appropriate pressure and leakage tests or that samples of water taken from the treated water lines and tested are determined not to be safe by the District Engineer. Developer understands and agrees the District may also withhold acceptance of the proposed dedication of water system should the District Engineer determine that Developer failed to complete all other construction either over, under or adjacent to the water system improvements including but not limited to final road grade, paving, curbs, gutters, sidewalks, all other utilities, and restoration of rights of way.

ARTICLE 15 - CONVEYANCE: Upon completion of the water system improvements in a manner meeting District's approval, Developer shall immediately convey said improvements and title thereto free and clear of all liens, encumbrances and expense to District by such conveyance and documents as deemed necessary by District, including but not limited to the following:

1. An executed "OFFER OF DEDICATION" (Exhibit "C") offering the water system improvements shown on Exhibit "A" to the District.
2. "RELEASE" statements (Exhibit "D") from every contractor, subcontractor, corporation, firm or business entity furnishing materials for or performing labor or other services, OR a Labor and Material Payment Bond (Exhibit "E"), all as specified in Article 5.
3. Developer shall provide District with proof satisfactory to District that Developer has acquired all local, state, and federal permits, maps or licenses and that Developer shall comply with all local, state and federal rules, ordinances and regulations relevant to the real property on, over or under which the water system improvements are situated.
4. Payment of any balance due for engineering, plan-check, and inspection services performed by District.
5. One set of 24-inch by 36-inch reproducible "as-built" drawings on Mylar or material of suitable durability of the improvements constructed.
6. All easements and rights of way required by District.
7. The Developer-constructed water system shall be flushed (or re-flushed) and shall pass bacteriological testing no earlier than 14 calendar days prior to the date the General Manager accepts the Offer of Dedication. The Developer shall provide for proper drainage and de-chlorination equipment during flushing operations.
8. Developer shall furnish a Maintenance Bond in the form prescribed in Exhibit "F" attached hereto and made part hereof in an amount of not less than 20 percent of construction cost of the water system improvements protecting the District against any failure of the work due to faulty materials, poor workmanship, or defective equipment within a period of one year following acceptance of the "OFFER OF DEDICATION" of the water system improvements by the District's Board of Directors.

In place of a Maintenance Bond, the Developer may offer a certificate of deposit or an irrevocable letter of credit meeting the District's approval as to form and financial institute utilized. Certificates of deposit used in lieu of a maintenance bond must be opened either in the Developer's name and specifically assigned to the District or opened on behalf of the

District only. The signatory for the District shall be the Treasurer or Assistant Treasurer of the District.

District, upon approving the work in writing, shall accept the "OFFER OF DEDICATION" of the water system improvements and include said improvements into its overall water system and shall operate, maintain, and repair said improvements except as specified during the warranty period.

ARTICLE 16 - APPLICATION FOR WATER: No water shall be delivered to or conveyed by or through the water system improvements shown on Exhibit "A", other than for testing purposes, until said water system is conveyed to District, formally accepted by District, and proper applications for water service have been filed with District and accepted.

ARTICLE 17 - OBLIGATION FOR PIPELINES AND/OR FACILITIES: District shall be under no obligation to provide additional pipelines and/or facilities in order to serve water to Developer's project. Upon acceptance of the water system improvements by District, it shall become the sole property of District and shall be used and operated at District's sole discretion.

EITHER

ARTICLE 18 - RULES AND REGULATIONS: Upon the water system improvements being accepted by District, Developer, its successors and assigns, shall be subject to and shall comply with all of the rules and regulations of District and shall pay the water rates, tolls and charges, and standby charges as they may be levied and/or established by District's Board of Directors from time to time.

For purposes of determining standby charges, each parcel to be served from the water system improvements will be assessed from the District acceptance date regardless of the status of the recording of the final map by the appropriate county.

OR

ARTICLE 18 - RULES AND REGULATIONS: Upon the water system improvements being accepted by District, Developer, its successors and assigns, shall be subject to and shall comply with all of the rules and regulations of District and shall pay the water rates, tolls and charges, and standby charges as they may be levied and/or established by District's Board of Directors from time to time. In addition, Developer, its heirs, successors, conservators, guardians, and assigns shall be subject to compliance with the then current rules and regulations of District governing the conversion of multi-family units such as apartment units to condominium units which conversion currently requires payment of higher capacity fees to District and requires converting the District's master meters now utilized for apartment (multi-party) units into separate meters for each condominium unit.

For purposes of determining standby charges, each parcel to be served from the water system improvements will be assessed from the District acceptance date regardless of the status of the recording of the final map by the appropriate county.

ARTICLE 19 - ASSIGNMENT: No transfer or assignment may be made by Developer of this Agreement or any part or interest of law unless such transfer or assignment is approved in writing by the District, provided further that District shall not unreasonably withhold consent to transfer or assignment. In the event of such transfer or assignment, District may, at its sole option and in addition to any other remedy that it may have, elect to terminate this Agreement.

ARTICLE 20 - NOTICES: The mailing addresses of District and Developer for purposes of giving any notice required pursuant to this Agreement are as follows:

DISTRICT	DEVELOPER
NEVADA IRRIGATION DISTRICT	ZZ
1036 West Main Street	<<
Grass Valley, CA 95945	>>

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

NEVADA IRRIGATION DISTRICT

By _____
President

By _____
Secretary

DEVELOPER

By _____

By _____