

## NEIGHBORHOOD LINE EXTENSION

**Section 1. PURPOSE**

In past years, some subdivisions were created in Bedford County and the Town of Bedford in areas that had no access to public water and/or sewer service. Subsequent to the creation of these subdivisions, the Bedford Regional Water Authority (“Authority”) or its predecessors extended public water and/or sewer service to an area near some of these subdivisions so that it has become practical to construct water lines and/or a low pressure sewer system such that service can be provided to these neighborhoods. This policy establishes the criteria and conditions by which such neighborhood line extensions may occur and provides a methodology by which the cost for such extensions may be paid. This policy shall apply primarily to existing residential neighborhoods that did not have access to public water and/or sewer at the time of their initial development; in rare situations, this policy can also be used for non-residential or mixed use areas where water and/or sewer extensions are needed.

**Section 2. POLICY**

- A. To initiate a line extension under the provisions of this policy, a neighborhood representative shall contact the Authority about the potential project; the Authority Engineering Department (“Engineering”) will then provide the neighborhood representative with a copy of this policy, as well as a blank petition form. The neighborhood representative must then provide this information to the property owners in their neighborhood and must obtain signatures on the petition from the property owners of at least seventy percent (70%) of the lots and/or parcels with owners who will benefit from the line extension (“Eligible Lots”). The property owners that sign the petition are thereby agreeing to pay the Project Fee, as established in the Authority’s current Rates policy and at such a time as so requested by the Authority, for each of the lots they own. The completed petition bearing the original signatures must be returned to Engineering before any further steps are taken.
- B. Upon receipt of the petition, Engineering will verify that the appropriate number of signatures were obtained for the defined project area; if the petition is valid, they will then prepare a preliminary cost estimate for the project that will include the construction cost and total related costs such as Administrative, Engineering, survey, legal, easements acquisition, etc. (“Project Costs”). Engineering will then present a memorandum to the Policies and Projects Committee (“Committee”) containing the petition, the cost estimate of the Project Costs, a map of the area, and a summary about the project. The Committee will review the information, evaluate if the Authority has all of the resources (including, but not limited to, financial, personnel, and Administrative resources) available to commit to the project and determine if they will recommend the project to proceed. If sufficient funding is not available, then the additional funding would need to be subsidized by the property owners, or by any other funding source secured by the property owners, before the project may move forward. If the Committee recommends that the project proceed, the recommendation will be presented to the Authority Board of Directors at the next regularly scheduled Board meeting.
- C. If the project is approved by the Board of Directors to proceed, Engineering establishes a deadline for the payment of the Project Fees to be received and they will then mail out a letter to each of the property owners informing them of the deadline and soliciting their payments.

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- D. Once the required number of Project Fees have been received and placed into an interest bearing escrow account, Engineering will notify the residents that the Authority will proceed to design and procure bids for the project. If the required amount of Project Fees has not been paid by the deadline, all of those fees already paid will be fully refunded. The interest earned on the account during this period will be retained by the Authority to defray the Administrative costs incurred.
- E. After designing and procuring the project, the project will be constructed if the bids are equal to or less than the preliminary cost estimate. If the bids are greater than the amount of the cost estimate, the Authority Board will determine how they would like to proceed with the project. Additional fees may be sought from the property owners that have already paid, they may be sought from the property owners that haven't contributed, or they may be allocated from the Authority's reserves. If the additional fees are not obtained and the project does not move forward, the Authority will refund all of the fees that have been paid, less a prorated share of any related costs that have been expended on the project to date. If the project moves forward, the Authority will administer the construction of the project. Once the construction and testing of the entire project is complete and the line is activated, connections will be allowed. For those that connect, the Authority and Virginia Department of Health (VDH) standards for preventing the interconnection of wells to the public system must be followed.
- F. Any property owner who does not pay their Project Fee initially, will not be required to pay the fee until they decide to connect in the future. If any lot owners elect to connect to the lines built as part of a Neighborhood Line Extension until such a point in time as the lines are fully depreciated, they will be required to pay the Project Fee that is current at the time that it is paid, as well as all other fees in the current Rate policy that are in effect at that time. If the property line of a connecting lot is more than 300 feet from the end of an extended water or pressure sewer line, the Project Fee will be waived.

### Section 3. ALTERNATIVE FUNDING

- A. When the neighborhood property owners are not able to fund the project as stated above, there are several other options that the owners may want to consider in an attempt to secure funding:
  - 1. Some of the property owners may elect to contribute more than the project fee in order to:
    - a. pay on behalf of other property owners that do not commit to paying the project fee
    - b. provide the balance of the funding to ensure that the project is approved by the Authority to proceed to design and construction
  - 2. Petition the local governing body to provide financial assistance to cover the project costs. This may lead to the County of Bedford or Town of Bedford local government:
    - a. including the project in a future budget for future year spending
    - b. issuing a special allocation in the current fiscal year to expedite the project
    - c. establishing a special tax district to fund the Project Costs
  - 3. Provide evidence to the Authority that the fifty percent (50%) of the total gross Commodity and Base Charge revenue generated due to the completion of the project would cover the Project Cost over a 10 year period of time. This information must be provided to the Authority with a petition signed by at least 70% of the property owners requesting the Authority to include

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the project as part of the capital improvement plan. The Authority would then review the request, and determine if it would be possible to provide some or all of the funding to cover the development cost of the line extension.

#### **Section 4. REVISIONS**

- A. This policy was approved and adopted by the Authority's Executive Director on April 23, 2013, effective July 1, 2013.
- B. The policy was modified on November 13, 2017, effective November 22, 2017, to include:
  - 1. Section 1: Clarification that this policy is primarily for residential use
  - 2. Section 3: Added to provide alternative funding options