

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: May 8, 2012

Report

Date: May 1, 2012

Subject: Resolution No. 2012-03 Amending Policy for Sale and Purchase of Non-Priority Water Service Connections and Rules and Regulations for Sale and Purchase of Non-Priority Water Service Connections

Recommendation:

Approve attached Resolution 2012-03.

Background:

In 2010, as authorized under Resolution 2010-06, the District offered up to 40 non-priority connections for sale to owners of developed residential properties served by wells. We received applications to purchase fewer than 36 connections by the offer deadline, allowing everyone who applied the opportunity to purchase a connection and eliminating the need to conduct a lottery. The program resulted in the sale of 32.5 connections, leaving 7.5 connections of the authorized number unsold.

Subsequent to the 2010 sale, staff has received a number of inquiries from interested well owners who did not own their eligible properties at the time of the sale or did not participate in the initial program for other reasons. Addressing this interest by making the initially authorized but unsold connections available for sale would serve the District's continuing goal of getting developed residential properties onto the District's system.

The attached resolution amends the policy and the rules and regulations associated with the 2010 non-priority connections sale to allow the sale of additional connections for residential property served by wells. As with the initial program, we would conduct a lottery if we receive applications to purchase more connections than are available. Should any connections remain unsold, however, they would be available for purchase by qualified owners on a first-come-first-serve basis.

Fiscal Impact:

Transmission and Storage Fee revenue of \$14,322 per connection sold (FY11-12 price).

RESOLUTION NO. 2012-03

**AMENDING POLICY FOR SALE AND PURCHASE
OF NON-PRIORITY WATER SERVICE CONNECTIONS AND RULES AND REGULATIONS
FOR SALE AND PURCHASE OF NON-PRIORITY WATER SERVICE CONNECTIONS**

COASTSIDE COUNTY WATER DISTRICT

WHEREAS, on July 13, 2010, by Resolution No. 2010-06, the Coastside County Water District (District) adopted a Policy for Sale and Purchase of Non-Priority Water Service Connections (Policy) and Rules and Regulations for Sale and Purchase of Non-Priority Water Services Connections (Rules);

WHEREAS, pursuant to the Policy, the District (1) made 36 5/8-inch non-priority water service connections available for purchase by property owners of developed residential property served exclusively by a water well and located within the boundary of the District; and (2) made an additional 4 5/8-inch non-priority water service connections available for purchase in partial capacity of 10 gallons per minute to accommodate property owners selected to purchase a 5/8-inch non-priority water service connection who needed a larger connection to serve residential development existing on the property;

WHEREAS, of the total 40 5/8-inch non-priority water service connections made available for purchase, only 32.5 5/8-inch non-priority water service connections were purchased and installed;

WHEREAS, the District now desires (1) to make the balance of 7.5 5/8-inch non-priority water service connections available for purchase under the same terms and conditions as set forth in the Policy and Rules; and (2) if all the remaining non-priority water service connections made available for purchase are not sold when initially offered, to sell the balance of the remaining non-priority water service connections on a first-come first-served basis in accordance with the Policy and Rules;

WHEREAS, the Board has determined that the rationale for making the remaining 7.5 5/8-inch water service connections available for purchase in accordance with the Policy and Rules is as set forth in Resolution No. 2010-06, and Resolution No. 2010-06 is incorporated herein by this reference;

WHEREAS, because of the potential that there will be more property owners who want to purchase a non-priority water service connection than non-priority water service connections available, the Board has determined (1) to sell the water service connections by random lottery to ensure that all property owners served by wells have the same opportunity to be selected to purchase a water service connection; (2) to allow the property owners to purchase only one connection that is of the size appropriate to serve the existing development on the property; (3) to require that the water service connection be installed within a relatively short period of time and to prohibit the transfer of the water service connection so that property owners with a current need and desire to connect to the District's water distribution system have the first opportunity to do so;

WHEREAS, the District will charge an administrative fee that is based on recovering the costs incurred by the District in developing, implementing and administering the sale and purchase of non-priority water service connections; and

WHEREAS, the Policy and Rules need to be amended solely to reflect the remaining number of non-priority water service connections that will be made available for purchase and to provide for the sale of the balance of the non-priority water service connections, if any, on a first-come first-served basis after the initial offer for purchase;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Coastside County Water District hereby adopts the Amended Policy for Sale and Purchase of Non-Priority Water Service Connections and the Amended Rules and Regulations for the Sale and Purchase of Non-Priority Water Service Connections, both of which are attached to this Resolution and incorporated herein by this reference.

PASSED AND ADOPTED this ____ day of _____, 2012, by the following vote:

AYES:

NOES:

ABSENT:

President, Board of Directors
Coastside County Water District

ATTEST:

Secretary of the District

COASTSIDE COUNTY WATER DISTRICT

AMENDED POLICY FOR SALE AND PURCHASE OF NON-PRIORITY WATER SERVICE CONNECTIONS

(Adopted by Resolution No. 2010-06 on July 13, 2010
and Amended by Resolution No. 2012-03 on May 8, 2012)

1. 7.5 5/8-inch non-priority water service connections will be made available for purchase to property owners located within the District boundaries.
2. Only owners of developed residential property currently served exclusively by a water well may purchase a non-priority water service connection. (Properties with domestic water service provided by a well and fire service provided by the District are also eligible.) The size of the water service connection may be no larger than necessary, as determined by the District, to serve the development existing on the property at the time the application to purchase a water service connection is submitted, and no water service connection purchased shall be larger than 3/4-inch (equivalent to 1.5 5/8-inch connections).
3. If applications are received for the purchase of more than 7.5 non-priority water service connections, the District will sell these non-priority water service connections by a random lottery that will be conducted by a third party consultant.
4. If less than 7.5 5/8-inch non-priority water service connections are purchased after the initial offer for sale, the District will sell the remaining 5/8-inch non-priority water service connections on a first-come first-served basis until all 7.5 5/8-inch non-priority water service connections authorized for purchase under this Amended Policy are sold.
5. An applicant is a person, corporation, partnership, trust, or other entity legally entitled to own real property. The applicant must have an ownership interest in the property that is the subject of the application at the time the application is submitted.
6. Only one application may be submitted per Assessor's Parcel Number.
7. Non-priority water service connections purchased under this policy may not be transferred to another Assessor's Parcel Number.
8. Non-priority water service connections purchased under this policy must be completely installed and the property owner must be receiving water service from the District within 12 months from the date the water service connection purchase agreement is executed by both the property owner and the District. If the property owner does not install the water service connection within this time period, the property owner loses the right to install that water service connection and the District will return to the property owner the Transmission and Storage Fee paid for the water service connection. The District, however, will retain the Administrative Fee paid by the property owner.
9. Property owners must comply with the Coastside County Water District Indoor Water Use Efficiency Ordinance, Ordinance No. 2010-01, prior to connecting to the District's water distribution system.

10. Property owners who do not abandon all existing wells serving the property upon installation of the water service connection must demonstrate compliance with the backflow prevention requirements of the District's General Regulations Regarding Water Service, Section W, "Backflow and Cross Connection Control."

COASTSIDE COUNTY WATER DISTRICT

AMENDED RULES AND REGULATIONS FOR SALE AND PURCHASE OF NON-PRIORITY WATER SERVICE CONNECTIONS (Adopted by Resolution No. 2010-06 on July 13, 2010 and Amended by Resolution No. 2012-03 on May 8, 2012)

1. The Policy for Sale and Purchase of Non-Priority Water Service Connections is incorporated into these Rules and Regulations for Sale and Purchase of Non-Priority Water Service Connections.
2. The District will advertise and solicit applications for the purchase of non-priority water service connections from owners of developed residential property currently served exclusively by a water well.
3. If applications to purchase no more than 7.5 5/8-inch connections are received by the deadline set by the District for submitting applications, then all applications will be deemed to be selected to purchase non-priority water service connections ("Winner"). If applications to purchase more than 7.5 5/8-inch non-priority water service connections are received, the District will proceed with the lottery process described in paragraph 4 below.
4. The lottery will be conducted by randomly selecting applications from the lottery box. Applications to purchase a total of no more than 7.5 5/8" connections will be deemed Winners in the order drawn and the remaining applications will be deemed Alternates.
5. The District will review each Winner's application to ensure it is complete and accurate. The District may disqualify any Winner whose application is incomplete or inaccurate. The District will notify the Winners of their selection by certified mail . The Winner must submit to the District the following items within 30 days from the date of notification:
 - a. A recorded or certified copy of the Deed evidencing ownership of the parcel identified in the application;
 - b. A completed copy of the District's "Worksheet for Sizing of Water Service Connections" showing existing fixture units.
 - c. A completed copy of the District's "Declaration of Intention for Use of Well" indicating whether the well will be destroyed or will continue to be used.
 - d. A Certified or Cashier's Check in the amount of the Transmission and Storage Fee for the 5/8" water service connection (or if a larger water service connection is necessary to serve the property, the current Transmission and Storage Fee for the larger diameter water service connection);
 - e. A Certified or Cashier's Check in the amount of \$500 for the non-refundable Administrative Fee; and
 - f. Two executed originals of the District's form of Water Service Connection Purchase Agreement.

6. If a Winner fails to submit all of the required items listed above within the time period specified, or if the Winner is found to have violated any of the Rules and Regulations for Sale and Purchase of Non-Priority Water Service Connections or the Policy for Sale and Purchase of Non-Priority Water Service Connections, the Winner will be disqualified and will not be issued a water service connection. All applications submitted will be checked for compliance with these Rules and Regulations and the Policy for Sale and Purchase of Non-Priority Water Service Connections.
7. If the District conducts a lottery, all water service connections provisionally awarded to disqualified Winners or to Winners who fail to submit all of the required documents and payments within 30 days of notification will be awarded to the Alternates in the order that the Alternates were drawn from the lottery box (for example, the first water service connection that becomes available as a result of disqualification of a Winner will be awarded to the Alternate first selected). The Alternates so selected will be deemed Winners and must satisfy all requirements set forth in these Rules and Regulations.
8. All the Rules and Regulations for Sale and Purchase of Non-Priority Water Service Connections and the Policy for Sale and Purchase of Non-Priority Water Service Connections apply to each water service connection sold under the Policy for Sale and Purchase of Non-Priority Water Service Connections.