APPROVED BY BOARD OF TRUSTEES – October 8, 2024

TITLE 3 - CHAPTER 2 - ADMINISTRATIVE POLICIES AND PROCEDURES EXTRA-TERRITORIAL SERVICE

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3.2.1. COVERAGE

This Chapter of the Administrative Policies and Procedures Manual of the Kearns Improvement District (the "District") shall apply to all applications for culinary water and/or sanitary sewer services involving areas that lie, in whole or in part, outside of the boundaries of the District. The District shall have no obligation to approve any extra-territorial application.

3.2.2. WRITTEN APPLICATION

Any person or entity ("applicant") desiring to have the District serve an area that, in whole or in part, lies outside of the District's boundaries shall make written application to the District. The application shall include such elements and information as may be required by the District.

A. **Restrictions and Requirements:** Service provided pursuant to the application shall be subject to such reasonable restrictions and requirements as may be imposed by the District and/or, respecting sanitary sewer service, by the Central Valley Water Reclamation Facility ("Central Valley"), which treats wastewater (sewage) that is collected by the District, after reviewing the application. The District may, but shall not be required to, require the applicant to enter into a written contract with the District setting forth the restrictions and requirements imposed with respect to such application, which may include restrictions and requirements in addition to those set forth in this Chapter.

B. **Feasibility Study:** Prior to approving any extra-territorial service application, the District's engineer shall make a determination of the feasibility of providing culinary water to the applicant and/or collecting and treating the applicant's sewage (through Central Valley), including a determination that the area can be served by a gravity flow wastewater collection system. In the event that the area cannot be served by a gravity flow wastewater collection system, for the application to be approved, the applicant shall be required to construct, maintain and operate one or more lift stations as required to deliver the sewage into the District's system.

C. **Service Consent Letter:** If the area to be served lies within the boundary of an adjacent improvement district or municipality that provides the same service that the District is being asked to provide, applicant shall obtain from the adjacent municipality or improvement district that ordinarily would serve applicant's property (the "other service provider") a signed official letter stating that the area in question has been reviewed, that it cannot currently be served by the other

service provider, and that the other service provider consents to the Kearns Improvement District providing water and/or sanitary sewer service to the area.

3.2.3. SECURITY DEPOSIT

Before any grant of the application shall become binding upon the District, the applicant shall provide to the District a cash security deposit in an amount to be determined by the General Manager.

A. **Period of Deposit Maintenance:** The deposit shall be maintained with the District during the entire period that the area covered by the application lying outside of the District's boundaries receives service from the District and for a period of three years after either the District ceases to provide service to the area or the area is annexed into the District.

B. **Interest:** The District may, if it so desires, place the deposit at interest, but shall not be required to account to the applicant for interest earned on the cash deposit.

C. **Use of Deposit:** The cash deposit may be applied by the District against any sums owed to the District by the applicant or the applicant's successors and assigns including, but not limited to, any EPA, Central Valley or other fines and penalties imposed against or upon the District as a consequence of the collection and/or treatment of sewage covered by the application which is the subject of the deposit. Should all or any portion of the deposit be so applied, the District shall notify the applicant or the applicant's successors and assigns shall be required to restore the cash deposit to the original amount within five (5) days thereafter.

3.2.4. AREA SERVED

Sewage to be collected and treated pursuant to this chapter shall be generated on land which is contiguous to the District's boundaries and the applicant who desires the service shall own, lease or otherwise be in effective control of the facilities and property upon which the sewage is generated. Similarly, culinary water service will only be provided to land which is contiguous to the District's boundaries and the applicant who desires the service shall own, lease or otherwise be in effective control of the facilities and property to which culinary water service is to be provided.

3.2.5. PAYMENT FOR SERVICE

A. **Rate:** The District cannot assess property taxes against land which lies outside of the District's boundaries. Consequently, in lieu of property taxes that would otherwise be collected, a rate which exceeds the District's "normal rate" for delivering culinary water and/or collecting and treating sewage shall be imposed

on all culinary water delivered and sewage collected and treated pursuant to this Chapter. For purposes of this requirement, the District's "normal rate" is the rate that otherwise would be charged for the service if the property being served were part of the District. The exact amount to be charged in excess of the normal rate shall either be established on a case-by-case basis by the District engineer, in consultation with the Central Valley staff if the District provides sanitary sewer service to the extra-territorial area that is being served, considering effluent strength and other factors deemed appropriate by the District's engineer or be based upon the District's applicable service fee schedule which may change from time to time. In addition, any and all fines, penalties, surcharges and other costs and expenses imposed upon or by the District and/or Central Valley as a consequence of applicant's sewage shall be paid and/or reimbursed by applicant. In no case shall the District bear any additional non-renumerated costs as a result of providing extra-territorial service as provided in this Chapter.

B. **Impact Fees:** As a condition to providing long term extra-territorial service, the District may impose an impact fee calculated and determined as provided in Title 3, Chapter 6 of the Administrative Policies and Procedures Manual. For purposes of this requirement, a service commitment for an indefinite period of time or an anticipated period of ten years or more shall be deemed to be "long term" service. Should the District enter into an agreement to provide extra-territorial service for an indefinite period of time or a period of ten years or more and collect an impact fee, the District shall not be required to refund any part of the impact fee upon the termination of service, either at the end of the term of the agreement or earlier, except as otherwise provided in an agreement between the District and applicant. Notwithstanding the foregoing, however, if a termination of service prior to the end of the contractually agreed upon term is due to a material breach of the agreement by the District, applicant shall be entitled to a return of the impact fee, without interest (except as otherwise required by law), as applicant's sole and exclusive remedy against the District for the breach, unless the agreement between the District and applicant provides otherwise. Any agreement between applicant and the District for the provision of extra-territorial service as provided in this Chapter shall be in writing and oral agreements may not be enforced.

3.2.6 APPLICATION OF RULES AND REGULATIONS

Even though the property that will be served pursuant to an application submitted under this Chapter lies outside of the District's boundaries, the application and the provision of culinary water and/or the collection and treatment of sewage pursuant to the application shall be subject to all of the rules and regulations of the District as they may be modified or amended from time to time, unless the agreement provides otherwise. Except as otherwise agreed by the District, any area that is expected to receive long term extra-territorial service may be required to be annexed into the District and, should the owner of the subject property fail to petition for

annexation into the District within 12 months after the District begins providing service to the area, may be annexed into the District pursuant to a resolution adopted by the Board as provided in Utah Code Ann. § 17B-1-403(3)(b) and subject to requirements of Title 17B, Chapter 1, Part 4 of the Utah Code; or the District may notify the landowner that, unless an annexation petition that is acceptable to the District is filed with the District within a stated period of time, service to the property may be discontinued by the District. For additional requirements regarding the annexation of an area that is receiving extra-territorial service, reference is made to Title 3, Chapter 8 of the Administrative Policies and Procedures Manual.

3.2.7 PERMITS REQUIRED

Before receiving sewage collection and treatment services hereunder, the applicant shall be required to obtain all necessary permits, including permits required by Central Valley, and to abide by the requirements of those permits.

A. **Additional Permits:** The applicant shall also be required to obtain and abide by such additional permits as may be required during the time the applicant, and/or the applicant's successors and assigns, receives sewage collection and treatment and/or culinary water services from the District.

3.2.8. INSTALLATION OF IMPROVEMENTS

A. **Applicant's Expense:** Applicant shall be required to install, at applicant's sole expense, all of the improvements necessary to deliver sewage into the District's collection system and/or to connect to the District's water distribution system (the "improvements").

B. **Design:** The improvements shall be reviewed by the District's engineer and the applicant shall pay to the District such standard review and inspection fees as are then applicable to such services. All improvements shall be installed as approved by the District's engineer and in accordance with all applicable District standards and specifications and shall be subject to the requirements of the District's Policies and Procedures Manual, including any requirement that applicant enter into an Extension Agreement as provided in Section 3.6.3.

C. **Additional Fees and Expenses**: In addition, applicant shall be required to pay such hookup fees, impact fees as applicable, and other fees and expenses as may reasonably be imposed by the District.

3.2.9. EXCEPTIONS

The application shall not be granted unless the requirements of this Chapter are satisfied provided, however, that the District may exempt an area from some or all of the requirements of this Chapter upon a finding that the area to be served is primarily residential in nature; that

serving the area will not impose any hardship or burden on the District, its culinary water system and/or its wastewater collection system, and/or Central Valley's sewage treatment facilities; that the area to be served is geographically small or will require a relatively insignificant amount of culinary water and/or will generate a relatively insignificant amount of sewage; that the sewage being generated in the area to be served will not impose any environmental or health hazards or risks and will not contain any prohibited contaminants or contaminants at a prohibited level; and that any other requirements or restrictions that are reasonably imposed by the District will be satisfied.

Adopted and approved on the18th day ofOctober, 2024 by the Board of Trustees of the Kearns Improvement District.

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Gregory R. Christensen, Chair

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F. Greg Anderson – General Manager/CEO

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