Adopted: 7/15/2025
Signed: [signature] 8-19-25
Reviewed: ______________

Franklin County Rural Water District #1
Water Main Extension Reimbursement Policy

Franklin County Rural Water District #1's Water Main Extension Reimbursement Policy (MERP), is intended to address situations where a water line has been extended at the request, and cost, of one or a few property owners, in locations where the line extension will pass by the properties of other property owners who say they do not want to receive rural water at the time of the extension. Then, within five years after the initial new benefit holders have paid for the line extension, those who declined to hook up and pay for the extension, decide they want rural water after all.

FRCO RWD #1's MERP is an attempt to be fair to those who initially paid for the extension, the "Investor(s)", but also to be fair to the new property owners requesting rural water service, the "Latecomer(s)".

FRCO RWD #1's MERP is our effort to reimburse a portion of the water main extension costs paid by the Investors back to them.

FRCO RWD#1 is entitled to be reimbursed for the costs of connection paid by FRCO RWD #1 that it made in connection with any water line extension that were not paid, in whole or in part, by the Investors requesting the extension. This right exists regardless of payments by an Investor, or the passage of any period of time, if deemed by the Board to be necessary to reimburse costs to the District.

MERP provides the guideline for the general apportionment of the original installation cost between the Investors and the Latecomers.

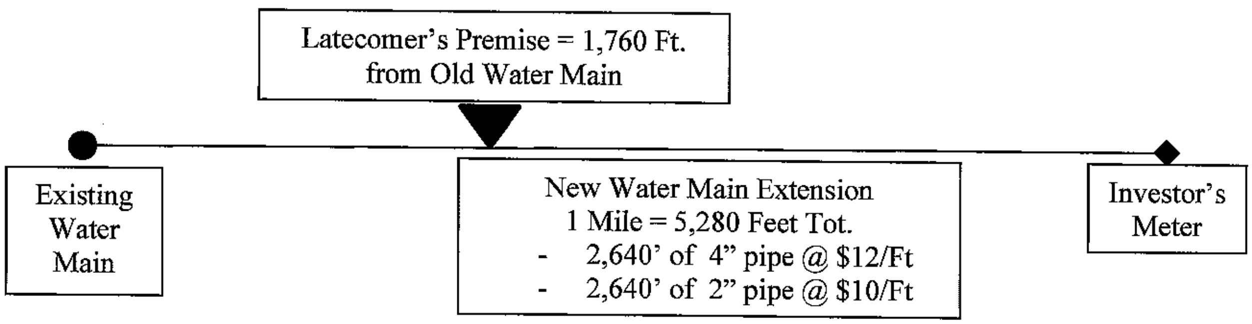
MEPR also allows the Board of Directors, the "Board," to change its usual approach (and "deviate from the general guidelines established in this Policy" as described in Section IX) if warranted by the case then under consideration or otherwise in the discretion of the Board.

MERP actions are described below.

1. The cost of the water main extension is broken into two parts, "A" and "B".
    - A. Part "A" includes the cost of the engineering analysis, the cost of the original Feasibility Study, and the cost of the original benefit unit. Part "A" is never reimbursed if Latecomers attach to the extended waterline.
    - B. Part "B" of the cost includes all other costs including the engineering design, permitting, inspection and "soft costs", the cost of the actual installation of the line (both labor and materials), the cost of connecting the extension into the then-existing system, costs of easement and/or property acquisition and includes end-of-line costs. Also includes any needed valves and/or cleanout flush assemblies installed with the project. Part "B" is broken down into a cost-per-foot for the entire water main extension. This cost-per-foot is the same at any point along the new main. The measure of distance shall begin at the existing supply main, and extend to the location of the termination

of installation. It is understood that the District requires that line extension is installed across the entire property and will not terminate at the meter.

2. Latecomer pays a calculated share of Part "B". The Latecomer's Part "B" share is based on the cost-per-foot of the water main and where the late comers' meter is located along the water main, as determined by the District. The farther from the connection point a latecomer's property is located, the greater their Part "B" will be.
3. Latecomers are also responsible to pay the entirety of their Feasibility Study as well as the cost of their premise's Benefit Unit and all other usual and regular fees and charges of connection.



When there is only one Investor and they have paid all of the costs of the extension, AND if there is only one Latecomer who is going to hook onto the extension, the costs are fairly easy to calculate. Using the picture above, the cost calculations and steps to the MERP are as follows.

I. Project Costs:

- Part "A" Total = $10,000
  - New Benefit Unit = $7,000
  - Feasibility Study = $100
  - Engineering Analysis = $2,900
- Part "B" Total = $84,480
  - Design/Permits/Inspections/Soft Costs = $3,000
  - 2,640' of 4" water main installed = $31,680
  - 2,640' of 2" water main installed = $26,400
    - $\frac{Part\ "B"\ Total}{5{,}280ft}$ = $16/ft

II. Latecomer does not pay anything towards Part "A".

III. Latecomer pays their share of Part "B" as follows, as a check to Franklin County Rural Water District #1.

- $\frac{1{,}760ft\ x\ \$16}{2}$ = $14,080

IV. The cost from Section III above, is 50% of the cost of the water main that runs to the Latecomer's property. The other half is still covered by the Investor's original project.

V. The Latecomer also pays, in full, the cost of their Feasibility Study and their Benefit Unit as well.

VI. When the Latecomer has made good on all payments in the described scenario above, Franklin County RWD#1 will reimburse the Investor the amount paid, in this case $14,080.

VII. When there are multiple Investors, who originally paid for the water line extension, they will each need to be reimbursed. In that case, the reimbursement amount paid by the Latecomer would be split between the Investors based upon the contribution level of each investor towards the line extension, equitably apportioned by the District

VIII. When there are multiple Latecomers, the calculation to determine their percentage of Part "B" will be based on where their meter lies along the water main extension, in conjunction with what parts of the water main have already been partially reimbursed for. These calculations will delt with on an as needed basis, but will follow the same procedures as above.

IX. As noted above, the facts of each case need to be considered in determining the correct reimbursement. The Board reserves the right to make adjustments to any element of compensation or to deny compensation, as it deems appropriate.

X. This policy is for the benefit of patrons and to encourage new customers to sign up, and by sharing the expense of line extension. However, nothing in this policy shall be deemed to vest with any party or patron, any legal or equitable right to reimbursement or payment from the District for any connection, past, present or future.

XI. All water main extensions remain the sole and exclusive property of the District and this policy does not vest any Investor, Latecomer, patron or other party any rights in any District property. The District shall have all rights relating to the operation and maintenance of the water main extensions and may repair or replace any portion thereof at any time, without permission or consultation with any Investor or Latecomer.

XII. All rights of an Investor to any refunds under this policy shall run with the land and benefit unit associated with the meter served by the water main extension. Upon sale of the land or transfer of the benefit unit, any refunds will be paid to the new owner, and the District is not required to accept any assignment or other agreement vesting payment rights with a prior owner. If a property is subdivided, the refund shall be provided to the property where the benefit unit attaches to after the transfer, as long as the property contains the meter installed for the water main extension.