

LEHIGH COUNTY AUTHORITY

MAIN EXTENSION POLICY

ADOPTED
8 July 2002

INTRODUCTION

The Main Extension Policy's primary function is to be used as a guide for the construction of main extensions to sewer and water systems owned by the Authority. It should be noted that there are municipalities in which the Authority owns the sewer or water system, but not both systems; clearly this policy will apply only to the Authority-owned system. The Authority reserves the right to change or waive the terms of the policy in response to changing or unique circumstances.

MAIN EXTENSION POLICY

GENERAL

1. A main extension shall consist of one or more new mains and appurtenances which are to be owned by the Authority upon final acceptance, including mains lying wholly within a new development. Words used in this Policy shall have the same definition as stated in the Rules and Regulations for Water Service or Rules and Regulations for Sewerage Service, whichever is applicable, and the Tapping Fee Policy.
2. Any person desiring water or sewer service shall apply to the Authority for such service to a specific development or property. The Authority will determine whether a main extension is required, in which case this policy shall apply. The person desiring service for which a main extension is required, shall be designated as Developer for purposes of this policy.
3. The Developer shall bear the full cost of a main extension, including engineering, construction, inspection, administrative and legal costs, except as stated in the Authority's Contribution Policy, attached hereto as Appendix "A".
4. In lieu of requiring construction of a main extension, the Authority may, at its option, require the Developer to contribute an amount of money, or other security acceptable to the Authority, equivalent to the estimated current construction costs. The amount of this contribution shall be determined by the Authority and shall be the estimated project cost, including engineering, construction, inspection, administrative and legal costs, of the appropriate main(s). Payment of such a contribution shall be made prior to the issuance of the Certificate of Final Acceptance by the Authority for any other main extensions being constructed by Developer. Developer's contribution shall be placed in a separate, interest-bearing escrow account until the main is constructed.

If the main extension is not constructed within ten years from the date of the contribution, the Authority shall return the contribution, with interest as earned on the escrow account, to the Developer. The Authority shall be required to notify by certified mail, to the last known address, the Developer for whose benefit such reimbursement shall apply within thirty days of the expiration of the ten-year period. In the event that the Developer has not claimed a reimbursement payment within one hundred twenty days of the mailing of the notice, the payment shall revert to and become the sole property of the Authority with no further obligation on the part of the Authority to refund the payment to the Developer.

If the main extension is to be constructed within the ten year period, the Developer shall receive notification from the Authority that such construction is planned and the time frame for such construction. The Developer shall have the option to design and construct the subject main extension within the same timeframe as planned by the Authority, either itself or through a subcontractor approved by the Authority, which approval shall not be unreasonably withheld, in accordance with the Authority's then-

current rules and regulations, policies and specifications. If the Developer chooses to do the construction, it must give notice to the Authority of its choice within twenty (20) days of receiving the Authority's notice, and the Authority will hold the escrowed sums as performance security for the construction until Final Completion, at which time the Authority will return all excess escrowed funds.

5. Capital recovery fees and other special charges shall be applicable to new service in accordance with the Authority's Rules and Regulations for Water Service or Rules and Regulations for Sewerage Service, whichever is applicable, and its Tapping Fee Policy current at the time the appropriate developer's water or sewer system agreement is executed.
6. If the Authority increases the size of a main extension beyond the size determined by the Authority to be required for service to the development, including fire protection, or the Authority contributes to a main extension in accordance with a municipal service agreement or for other purposes, the Authority will bear the increased cost based on the terms established in its Contribution Policy.

PLAN SUBMISSION

7. The Developer shall submit plans of the proposed main extension to the Authority for approval, as well as any subsurface investigation required by any government entities.
8. Prior to any plan review by the Authority, the Developer shall complete an application for plan review and pay to the Authority the then-current non-refundable plan review fee or plan review deposit, as applicable. The Developer shall reimburse the Authority for all costs incurred should the plan review deposit balance be less than the cost of plan review. Each deposit account will be reviewed periodically during periods of activity. An additional deposit will be required before the review will continue if the balance is deemed by the Authority to be insufficient to complete the review. Within forty-five (45) days after final plan approval by the Municipality or the withdrawal of the plan by the Developer, any unexpended balance of the deposit will be refunded to the Developer.

DESIGN REQUIREMENTS

9. Main extensions shall be designed and constructed in accordance with all applicable Authority policies and requirements, including without limitation the Rules and Regulations for Water Service or Rules and Regulations for Sewerage Service and the General Specifications for Water or Sewer System Construction, whichever are applicable.
10. To prepare for future extension of the Authority systems, main extensions shall be carried to the limits of the subject property along all public roads which abut the property (the

“development”) or in other locations approved by the Authority, which extensions may not necessarily be located on the same side of a public road as the property.

11. The Developer shall design and construct a water main extension with a minimum diameter of 8 inches for residential and commercial zoning classifications or a minimum diameter of 12 inches for industrial-type zoning classifications, except where the Authority determines differing minimum sizes are required for service to the development or property, including fire protection.

The Developer shall design and construct a sewer main extension with a minimum diameter of 8 inches or where a low-pressure system is required a minimum diameter of 2 inches, except where the Authority determines differing minimum sizes are required for service to the development or property.

12. The number and location of fire hydrants shall conform to municipal requirements, or to Authority requirements if no municipal requirements are applicable. All fire hydrants necessary for protection of the development shall be installed at the Developer’s expense.
13. All main extensions shall be located in public rights-of-way or Authority-owned easements. Developer shall grant to the Authority for one dollar consideration any easements across its property; obtain, at its costs, all necessary easements across others’ properties; and procure all necessary releases associated with such easements. All easements shall be of a form acceptable to the Authority.

REQUIREMENTS FOR FINAL SYSTEM PLAN APPROVAL

14. Final system plan approval shall be given upon compliance with the following conditions:
 - a) The design is determined to be in conformance with all Authority requirements.
 - b) All permits, licenses and other approvals necessary for construction, excepting local municipal permits and approvals are obtained by the Developer. The Authority will execute acceptable applications for any permits, licenses and other approvals where it must be named as applicant, permittee, etc.
 - c) All necessary offsite easements are conveyed to the Authority and applicable releases obtained.
 - d) A developer’s water or sewer system agreement is executed between the Authority, Developer, and land owner (if the Developer and land owner are different).
 - e) Acceptable performance security is provided.
 - f) The inspection/administrative costs deposit is received.
 - g) The record drawings deposit is received.

- h) All necessary onsite easements, excluding roadways which shall ultimately be dedicated as public rights-of-way, are conveyed to the Authority and applicable releases obtained.
- i) insurance certificates naming the Authority as additional insured are provided.

Upon satisfactory completion of conditions (a), (b), (c) and (h), the Authority will give conditional final plan approval if requested.

15. Performance security is required to assure completion of construction of the main extension and timely payment of all deposits and expenses related thereto. All security shall be of a type and in a form acceptable to the Authority's Solicitor.

The amount of the security shall be at least one hundred ten (110%) percent of the estimated cost of the improvements as determined by the Authority if the improvements shall be completed within one (1) year, and an additional ten (10%) for each one year period beyond the first anniversary date of the posting of the financial security. For purposes of this section, the estimated cost of the improvements shall not include any portion of the extension to be paid for by the Authority. The minimum time period of the performance security shall be one year, which security must be reissued before expiration if completion will be beyond one year. Commencement of construction shall not be a condition precedent to applicability and enforceability of the security.

The preferable form of performance security is an irrevocable letter of credit with a Federal or Commonwealth-chartered lending institution authorized to conduct the business of posting financial security within the Commonwealth of Pennsylvania. Another acceptable form of performance security is the establishment by Developer of an escrow in the form of a savings account in the name of only the Authority as holder in Federal or Commonwealth-chartered lending institution authorized to conduct the business of posting financial security within the Commonwealth of Pennsylvania. A surety bond, however, is not a satisfactory form of security.

16. The Developer shall pay all reasonable administrative, legal and engineering costs, including the cost for administration and inspection of construction of the improvements from the time of plan approval until all terms of the developer's water or sewer system agreement have been satisfied. The Developer shall deposit with the Authority an amount of money equivalent to the estimate of such costs prior to plan approval; however, payment of such costs shall be based on the actual costs incurred.

The Developer shall be invoiced periodically during periods of activity which may show an amount due if the costs exceed the deposit. If the Developer fails to pay said invoice where an amount is due, within thirty (30) days of the date of such invoice, the Authority shall discontinue all activity associated with Developer's development, impose applicable penalties and interest, and if necessary may refuse to provide service to any lots in the development which are not at that time connected to its system.

17. The Developer shall also deposit with the Authority an amount of money equivalent to the estimated cost of preparing record drawings of the facilities to be constructed by the Developer. The Developer shall prepare these drawings in a form acceptable to the Authority and submit them by the date of final acceptance. If, however, such drawings have not been received by the time the Authority issues its Certificate of Final Acceptance, the Authority shall prepare the drawings for the Authority's own use within forty-five (45) days and deduct the cost from the deposit or bill the Developer for any costs which exceed the deposit.
18. The Developer shall take out and maintain through the end of the eighteen-month maintenance period, as well as name the Authority as an additional insured thereon, such Public Liability and Property Damage Insurance as shall protect it, the Authority and the Authority's agents, officers and employees from claims against any of them for damages for personal injury, including accidental death, as well as from claims for property damage which may arise from operations connected with or caused by any operation or matter related to the main extension, whether such operations be by Developer or by any subcontractor or by anyone directly or indirectly employed by any of them. Hazards insured against for property damage liability shall include explosion, collapse, underground damage, and blasting to the extent that any such exposure exists. The amounts of such insurance shall be as follows and shall be nondeductible: General Liability, Bodily Injury and Property Damage combined - \$1,000,000 each occurrence, \$1,000,000 aggregate; Automobile Liability, Bodily Injury and Property Damage combined - \$1,000,000 each occurrence; Workers' Compensation - as required by law; and Blanket Excess Liability - \$1,000,000 each occurrence, \$1,000,000 aggregate. The liability insurers must have at least a 'B+' operating and 'Class VIII' financial rating as listed in 'Best's Key Rating Guide,' latest edition; and the Workers' Compensation coverage shall be through the State Workmen's Insurance Fund, or in any insurance company, or mutual association or company, authorized to insure such liability in Pennsylvania. Insurance coverage shall remain in full force and effect until final acceptance of the improvements by the Authority.

CONSTRUCTION

19. After final system plan approval and prior to construction of a main extension, the Developer shall:
 - a) Submit to the Authority for review and approval, detailed catalog information (also known as "Catalog Cuts" or "Shop drawings") for all pipelines and appurtenances to be used in the development.
 - b) Rough grade all proposed street areas and easements proposed to contain a main extension to within one foot of subgrade, in order to assure the Authority of proper pipe cover and appurtenance elevations.
 - c) Layout the location and grade of all pipelines and appurtenances to be constructed by means of appropriately-labeled stakes, pins or other acceptable survey marks, offset a minimum of ten feet from pipe centerline and spaced at

- intervals or not more than fifty feet, with additional stakes placed at all utility crossings and locations of fittings and appurtenances.
- d) Submit Cut Sheets prepared from the lay out information and the approved plans of the development to the Authority for review and approval. The Cut Sheets shall reflect the cut from the top of stakes to the designed pipeline invert as indicated on the approved plans.

FINAL ACCEPTANCE

20. Prior to issuance of the Certificate of Final Acceptance, maintenance security is required to assure the proper maintenance of main extension facilities and timely payment of all expenses related thereto for an eighteen-month period from such issuance. All security shall be in a form acceptable to the Authority's Solicitor.

This maintenance security shall be in the amount of fifteen (15%) percent of the actual construction cost of the improvements, including any Authority contribution. Developer shall submit documentation acceptable to the Authority's Solicitor.

The preferable form of maintenance security is an irrevocable letter of credit with a Federal or Commonwealth-chartered lending institution authorized to conduct the business of posting financial security within the Commonwealth of Pennsylvania. Another acceptable form of maintenance security is the establishment by Developer of an escrow in the form of a savings account in the name of only the Authority as holder in a Federal or Commonwealth-chartered lending institution authorized to conduct the business of posting financial security within the Commonwealth of Pennsylvania. A surety bond, however, is not a satisfactory form of security.

21. A main extension shall become the absolute property of the Authority on the date of final acceptance by the Authority. The Authority shall issue a Certificate of Final Acceptance upon the Developer meeting all of the requirements in the developer's water or sewer system agreement.
22. There shall be no service by the Authority provided within the development prior to the issuance of the Certificate of Final Acceptance.
23. Not more than sixty (60) days before the expiration of the eighteen-month maintenance period, the Authority will conduct an end-of-maintenance-period inspection of the improvements and notify the Developer of any deficiencies. The Developer shall have a minimum of fifteen (15) days to repair all noted deficiencies. If the Authority finds the repairs acceptable the maintenance security shall be released at the end of the maintenance period. If the deficiencies are not corrected by the Developer, the Authority will do the repairs and withdraw from the maintenance security the necessary amounts to pay for its work.

OPTIONAL EXEMPTION

24. In the case of a property with one existing or proposed single-family residential dwelling, the owner may opt to be exempted from the standard Authority requirement that the owner shall pay the full cost for a main extension to the limits of the property along all public roads which abut the property or other locations approved by the Authority. The owner choosing this exemption shall pay all costs to extend the main to the point necessary to provide perpendicular service to the premises, but not less than to a point one-half of the distance across the total frontage of the property along public roads or other approved locations, plus to pay any applicable capital recovery fees. In addition, if an existing Authority main does not abut the property, the owner shall also pay the lesser of (a) the cost of thirty feet of eight-inch main or (b) the cost of a main extension to the point of connection with the closest Authority water or sewer main, as applicable.

If the Authority asks the owner to construct facilities beyond those required by the above guidelines, the Authority shall reimburse the owner for all costs exceeding the above guidelines; if the Authority constructs the facilities, the owner shall pay the Authority the amounts determined in accordance with the above guidelines. For purposes of this section, cost shall include engineering, administrative, construction and review and inspection costs. The Authority's obligation to pay any costs under this section shall be subject to its determination that the extension is financially feasible.

All other provisions within this Policy shall be applicable to main extensions subject to this section, unless specifically changed by the language of this section.

If the owner opts for this exemption, as consideration for the waiver of standard Authority requirements to extend mains to the property limits, the owner:

- a) waives the right to reimbursement of tapping fees collected for connections by others to the main; and
- b) shall execute a covenant for filing with the Recorder of Deeds indicating if the property is subdivided or the usage changes from a single-family residential dwelling within ten years of the date of the developer's water or sewer system agreement, the owner shall be liable to pay the difference between the fees and costs that would have been otherwise applicable under the provisions of this Main Extension Policy and those applicable under this section.