

## **Capacity Charge Installment Plan & Deferred Payment of Charges for Qualifying Affordable Housing Projects**

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The Board of Directors is aware that some applicants for water service may have difficulty paying the full capacity charge for their project in one lump-sum payment. To accommodate those applicants, the capacity charge installment plan (“Installment Plan”) allows applicants to pay the capacity charge for a new water service, or upgrade of an existing water service, on a payment schedule. Requests for payment under the Installment Plan may be approved by the General Manager, with concurrence of the Finance Division Manager, provided that the following conditions are met:

### **A. INSTALLMENT PLAN - REQUIREMENTS**

1. The applicant must make a written request for an Installment Plan at the time of submitting an application for new or increased service. The request shall include a statement that payment of the capacity charge in one lump sum will constitute a financial hardship, which should include supporting documentation specific to the Applicant’s project including statements from lenders or public agencies supporting the project, as applicable.
2. The minimum capacity charge to be considered for the installment is \$5,000 per new or increased water service. The maximum term for any installment plan is five (5) years. Applicant may request a shorter term if desired.
3. Service installation fees, as defined in Section 11.56.010 of the District Code, are not included under the Installment Plan and must be paid at the time of application for service.
4. For each Installment Plan, the property owner must enter into an Installment Plan payment agreement with the District addressing the terms of payment. Payments under the plan shall be paid in monthly installments, with the first payment due at the time the water service application, or water capacity upgrade, is approved. Interest will be charged on the unpaid balance at a rate that is 1% above that which the District receives on its Local Agency Investment Fund (LAIF) Pooled Money Investment Account monthly yield (“Interest Rate”) for the most recent month for which data is available prior to execution of the Installment Plan agreement.
5. In connection with the Installment Plan Agreement, the applicant will pay all costs associated with placing a lien on the property, pending payment of all Installment Plan payments, and subsequent removal of the lien.

6. Should the property owner elect to sell the property prior to payment in full of the capacity charge, the monies due to the District shall be paid in full prior to the sale or shall be paid out of escrow at the time of closing the sale.
7. The District may cancel the water service application approval if any Installment Plan payment is late by more than ten (10) business days whereas the full remaining balance of the capacity charge shall be due and payable. If any such cancellation occurs, the District will assess an administrative fee of \$500.

**B. EXTENDED PERIOD FOR PAYMENT OF CAPACITY CHARGES FOR QUALIFYING AFFORDABLE HOUSING PROJECTS**

1. While District capacity charges are collected to reimburse the District for expenditures previously made, Government Code Section 66007, prohibits the District from collecting capacity charges for certain affordable housing projects until the time of final inspection.
2. When submitting a water service application to the District, Applicants shall notify the District if they believe their proposed development project qualifies for delayed payment of capacity charges pursuant to Government Code Section 66007.
3. Water service installation fees, as defined in Section 11.56.010 of the District Code, shall be paid at the time of application for service.
4. Applicants may elect to receive deferred payment of capacity charges for qualifying affordable housing projects, pursuant to Government Code 66007, as well as receive a capacity charge Installment Plan permitted by this policy. If such Installment Plan is elected by applicant, it will be offered to the applicant in compliance with Government Code section 66007 and on the terms set forth herein.