



Water Demand Offset (WDO) Program Applicant Agreement

This Agreement (AGREEMENT) is entered into by and between:

owner(s) of property located at _____
Assessor's Parcel Number _____, hereinafter APPLICANT, and

THE SOQUEL CREEK WATER DISTRICT (DISTRICT) for the purposes of specifying the Terms and Conditions associated with applying for new water service (or a change in use for an existing water service) with the DISTRICT, including compliance with DISTRICT'S Water Demand Offset (WDO) Program.

I. Background

The Soquel Creek Water District (DISTRICT) **Resolution 19-18 (formerly 17-24), Pertaining to the Water Demand Offset Policy for New Development and Existing Development Undergoing Change in Use**, requires the following types of development projects to offset 200% of their project's projected usage:

1. Development projects requiring a new water service, excluding accessory dwelling units; and
2. Development projects with an existing water service that are undergoing a change in use that is expected to increase water demand, as determined using DISTRICT established water use factors.

II. Terms and Conditions

A. General Terms

1. Applicants that have not yet received an Unconditional Will Serve approval are subject to changes to the Water Demand Offset program.
2. Changes to the Water Demand Offset program may invalidate the AGREEMENT and APPLICANT may be required to enter into a subsequent AGREEMENT with the DISTRICT to proceed with New Service process.

B. Conditional Will Serve

1. No offset credits may be purchased or obtained prior to APPLICANT submittal of a New Water Service Application Request, payment of the \$300 New Water Service Application Fee and execution of this AGREEMENT. The New Water Service Application Fee is non-refundable.
2. APPLICANT for New Water Service must be the property owner or have signed permission from the property owner(s).
3. At time of APPLICANT submittal of items identified above in Item A(1), and upon completion of a meeting with DISTRICT staff, the development project's WDO requirement and fee will be calculated and provided to APPLICANT.
4. Ten (10%) percent of an APPLICANT'S calculated total WDO fee is payable to the DISTRICT

prior to the APPLICANT'S placement on a DISTRICT'S Board of Directors agenda for Conditional Will Serve consideration. This 10% deposit on an APPLICANT'S total WDO fee is not refundable. However, it will be applied as a credit toward APPLICANT'S total WDO fee requirement.

5. At the time of DISTRICT Conditional Will Serve approval, the total offset credits that are required for the development project will be reserved for the APPLICANT for the term of the Conditional Will Serve.
6. A Conditional Will Serve expires 2 years from the date in which it was approved by the DISTRICT'S Board of Directors.
7. If an APPLICANT does not apply to the appropriate land use planning agency for development permits by the expiration of Conditional Will Serve, offset credits reserved for the project will be reallocated to the District's offset bank, the 10% deposit will be forfeited, and APPLICANT must reapply as a new project. Note: District does not guarantee that offset credits will be available for purchase at time of reapplication.
8. APPLICANT may request a 1-year extension of the Conditional Will Serve through submission of a 1-Year Extension Request form and associated paperwork to DISTRICT.
9. DISTRICT will issue a 1-year Conditional Will Serve extension to APPLICANTS that can demonstrate that they have applied for development permits with the appropriate land use planning agency and that the development permits have not expired.
10. APPLICANT may apply for multiple 1-year extensions.
11. An APPLICANT'S first 1-year extension does not require payment of an additional deposit of WDO fees. However, each additional 1-year extension requires an additional 5% of an APPLICANT'S total WDO fee to be paid to the DISTRICT. Additional deposits are non-refundable; however, they will be applied as a credit toward APPLICANT'S total WDO fee requirement.
12. A 1-year Conditional Will Serve extension will not be granted to APPLICANTS that have obtained a building permit or tentative map. Once a building permit or tentative map has been issued, payment of the remaining WDO fees is required. Failure to pay remaining offset fee may result in reserved offsets being unassigned from project and forfeiture of any deposits on the WDO fee.
13. A Conditional Will Serve may be transferred to a new owner of a property. (See more on transfer of Will Serve approvals in Section D.)

C. Fulfillment of WDO Requirement

1. DISTRICT will calculate APPLICANT'S total WDO program requirement in acre-feet and in dollars, in accordance with the current: schedule of water demand factors, program multiplier, and the Board-approved offset credit sale price.
2. APPLICANT shall meet WDO requirement by:
 - a) Purchasing WDO credits from DISTRICT; and/or
 - b) Finding and performing an offset generating project, in accordance with requirements developed by DISTRICT and subject to approval by DISTRICT'S Board of Directors; and/or
 - c) Performing a toilet direct installation project in accordance with requirements developed by DISTRICT.
3. A 10% deposit on APPLICANT'S total WDO fee is mandatory (described in B(4)), even if APPLICANT plans on generating offsets through a self-earned offset program or through toilet direct installations.

D. Refunds of WDO Fees and Earned Offset Credit

1. All WDO fees paid to the DISTRICT are non-refundable unless:
 - a) The WDO Program is terminated by the Board of Directors **AND** the APPLICANT has not obtained a building permit or tentative map; or
 - b) The total WDO requirement has lowered due to deed restriction; or
 - c) The total WDO requirement has lowered due to Go Green program participation.
2. All refunds of WDO fees are payable to the current owner of the property.
3. APPLICANT may not transfer purchased offsets to another development project.
4. APPLICANT may only retain possession of offset credits achieved by implementing their own District-approved offset-generating conservation/supply project(s) or performing a toilet direct installation project, which may be used toward a different development project owned by APPLICANT.

E. Unconditional Will Serves

1. Upon receiving Conditional Will Serve approval for new water service from the DISTRICT'S Board of Directors, APPLICANT must meet the DISTRICT'S conditions of service detailed in the Conditional Will Serve, including obtaining a tentative map or building permit from the applicable land use agency and meeting the remaining WDO requirement, prior to consideration of Unconditional Will Serve approval by the DISTRICT'S Board of Directors.
2. The remaining balance (i.e. 90% (or less in cases where multiple 1-year extensions have been granted)) of an APPLICANT'S total WDO requirement is due to the DISTRICT prior to APPLICANT placement on a DISTRICT'S Board of Directors agenda for Unconditional Will Serve consideration. All deposits on the WDO requirement that have been paid prior to the Unconditional Will Serve request will be counted toward the APPLICANT'S final WDO requirement.
3. When an Unconditional Will Serve has been issued for a project and all conditions of service are met and approvals are issued by the DISTRICT'S Conservation & Engineering departments, and upon request by the APPLICANT, the DISTRICT will install the meters and activate service.

F. Transfer of Conditional and Unconditional Will Serve Letters

1. An APPLICANT can transfer a Conditional Will Serve approval to a new property owner upon sale of said property. The new property owner is required to enter into a Water Demand Offset Program Applicant Agreement with DISTRICT to have the Conditional Will Serve put in their name. The original date in which the Conditional Will Serve approval was granted stays with the property and development project and does not reset due to a change in ownership. The Conditional Will Serve is valid for the stated development project type and offset requirement. If a new owner has changes to the project use, size, or density, they are subject to the terms and conditions described in Section G.
2. APPLICANT can transfer the Unconditional Will Serve approval to a new property owner upon sale of said property, provided the development project type and offset requirement does not change.

G. Changes in Project Use, Size or Density

1. If the development project changes from the stated use, size or density, after getting a Conditional Will Serve, resulting in an increase in water demand and a higher WDO fee than what was previously paid, APPLICANT shall reapply (and pay another \$300 application fee) and the project will go back to the Board of Directors for approval. 10% of the total increase will be due to the DISTRICT prior to Conditional Will Serve amendment approval. Availability of additional offsets is not guaranteed.
2. If a development project changes from the stated use, size, or density after getting a

Conditional Will Serve, resulting in a decrease in water demand and a lower WDO fee than what was previously paid, APPLICANT shall request an amendment of the Conditional Will Serve prior to final WDO payment and prior to getting an Unconditional Will Serve letter. No amount of the previously paid 10% deposit will be returned.

H. Voluntary Go Green Program Participation

1. To participate in DISTRICT'S voluntary, Go Green Program and receive a reduction in a project's total WDO requirement and fee, APPLICANT shall submit a completed Go Green application to DISTRICT. DISTRICT will notify APPLICANT of credit to be applied upon verification of Go Green participation.
2. The Go Green inspection must be performed within six months of the installation of the meter or within two years from the date of Unconditional Will Serve approval, whichever is sooner. It is the responsibility of the APPLICANT to schedule a Go Green inspection and the DISTRICT requires one-week advanced notice for scheduling.
3. Refunds will be granted only after the DISTRICT has confirmed that the APPLICANT has complied with their level of Go Green commitment and will be granted for 100% of the difference between the original WDO fee and the adjusted WDO fee.

I. Voluntary Deed Restrictions (for Single-Family Residential Development Only)

1. To account for situations in which areas of a residential parcel are not to be used for development or landscaping, DISTRICT allows APPLICANT to irrevocably deed restrict portions of the parcel from being developed or irrigated in the future. DISTRICT allows deed restricted area to be subtracted from total parcel size, thus APPLICANT may proceed with a lower water use factor.
2. APPLICANT must use DISTRICT deed restriction template, must have deed legally recorded by the Santa Cruz County Recorder's Office, and must provide DISTRICT with an original copy of the recorded deed restriction.
3. APPLICANT is advised that deed restrictions are permanent and cautions against their use in situations where they could negatively impact sale or use of a property.
4. If APPLICANT does not legally record a deed restriction before fulfilling total WDO requirement and wishes to do so after a building permit or tentative map has been obtained, but before DISTRICT installs meter and activates service, they may do so. Upon receipt of a legally-recorded deed restriction, DISTRICT will adjust the WDO requirement and issue APPLICANT a refund for 100% of the difference between the original WDO fee and adjusted WDO fee.

J. Agreement Applicability

This Agreement is binding upon the parties, their heirs, successors and assigns.

Applicant Printed Name

Applicant Signature

Date

Applicant Printed Name

Applicant Signature

Date

Applicant Printed Name

Applicant Signature

Date

District Printed Name

District Signature

Date



Amendment to Water Demand Offset (WDO) Program Applicant Agreement

As of June 4, 2019:

1. Development projects with a total Water Demand Offset (WDO) program requirement of less than 1 acre-foot will receive Conditional and Unconditional Will Serve approval at a staff level, assuming all other conditions of the New Water Service Application has been met.
2. Development projects with a total Water Demand Offset (WDO) program requirement of 1 acre-foot or greater must receive Conditional and Unconditional Will Serve approval from the District's Board of Directors.