

**Lady Creek Water System
Policy for New Connections
January 18, 2021**

This policy was approved by the Lady Creek Water System (“LCWS”) Board of Directors on January 18, 2021, to document the policy for calculating new connection or hookup fees for a cabin that is being connected to LCWS for the first time.

A potential new member making a first-time connection to LCWS for a cabin shall be subject to a total of four separately determined costs and fees:

1. **Transfer Fee.** The Transfer Fee currently in effect for new memberships.
2. **Meter Installation Cost Recovery.** The actual cost of installing an up-to-date water meter meeting current LCWS technical standards, if needed. If an existing meter is already installed that meets current LCWS technical standards, this cost will not apply. If a new meter is required, all costs associated with establishing the new meter will be applied, including costs of excavation, costs to repair and remediate any road, driveway, or forest floor disturbances associated with the meter installation, cost of tapping the mainline, cost of all materials used in connecting the mainline to the meter, costs of the meter, and all labor and overhead applied by any contractor used to install the meter. Installation of the meter and any mainline work required will be completed by LCWS through its contractor(s). In addition to the Meter Installation Cost Recovery, the Member shall also be solely responsible for all costs of their water service line and cabin plumbing and shall make arrangement for any such required work completely independent of LCWS.
3. **Connection Fee.** The LCWS membership has made a significant investment in the water system over a long period of time. In addition, LCWS often has restricted funds that have been designated for future system improvements but have not yet been invested in the system. In order to be fair to existing members who have paid for these investments, any Member cabin new to LCWS should pay for their pro-rata share of the current net investment in the existing water system, plus all funds restricted for capital improvements. As a practical expedient, LCWS will calculate such pro-rata share by using the amounts reflected on the final Balance Sheet as of the immediately prior fiscal year-end. The total net book value of the water system and all its components (cost less accumulated depreciation), plus the total amount of any funds restricted for capital improvements, will be divided by the total number of Members in Good Standing as of the end of the prior fiscal year to determine the Connection Fee. This Connection Fee will remain in place for the entire fiscal year, until it is updated at the beginning of the following fiscal year, after the updated final Balance Sheet is available.
4. **Pro-Rated Annual Dues and Assessments.** The new member will be responsible for paying pro-rated annual dues (from the date of service installation, on a 365-day year basis). Additionally, given that the member will benefit from capital assessments for the current year, the member will be required to pay the full amount of the current year’s capital assessment upon joining LCWS.

All fees will be invoiced to the new member and must be paid prior to any work being started. The amounts pertaining to items 2, 3, and the current year capital assessment portion of item 4 above will be credited to the restricted fund for capital improvements. The amounts collected pertaining to item 1, and the pro-rata annual dues described in item 4, will be credited to the operating fund.