



**GUAM WATERWORKS AUTHORITY**

**SYSTEM DEVELOPMENT CHARGE  
FINANCIAL OFFSET POLICY**

August 2017

**I. PURPOSE**

This policy shall provide the requirements and procedure for developers to request a System Development Charge (SDC) financial offset by constructing any offsite water and/or sewer system infrastructure needed to provide utility service to a proposed development without adversely impacting existing customers.

**II. DEFINITIONS**

From the SDC Implementation Guidelines:

**“Offset”** means the amount of the reduction of the applicable SDC designed to fairly reflect the value of area-related facilities provided by a developer pursuant to Guam’s development regulations or requirements.

**“Offsite”** means outside the boundaries of the property for which a new development is proposed.

**“Project”** means an offsite sanitary sewer or water facility expansion.

**“Sanitary Sewer Facility Expansion”** means the expansion of the capacity of any existing sanitary sewer facility for the purpose of serving new development, and may, under certain circumstances, include the repair, maintenance, modernization or expansion of an existing sanitary sewer facility to serve existing development as long as such expansion adds additional capacity to serve future users to the system or accommodate existing users who are expanding the demand upon the system.

**“System Development Charge” (SDC)** means a one-time impact fee or charge assessed by GWA on each user who is for the first time connecting property into GWA water or wastewater system, or to each developer if the density of development on the existing connection is increased pursuant to these Guidelines in order to fund or recoup the costs of capital improvements or facility expansions necessitated by and attributable to new development. SDCs **do not include** the dedication of rights-of-way or easements for such facilities nor the construction of improvements by the developer thereon. SDCs also do not include line extension costs or other agreed upon privately funded costs that are required under GWA rules or regulations or Guam law to accommodate development regardless of type.

**“Water Facility Expansion”** means the expansion of the capacity of any existing water facility for the purpose of serving new development, and may, under certain circumstances, include the

repair, maintenance, modernization or expansion of an existing water facility to serve existing development as long as such expansion adds additional capacity to serve future users to the system or accommodate existing users who are expanding the demand upon the system.

### **III. COVERAGE**

- A. The following improvements or activities do not qualify for SDC offset, per the SDC definition:
  - i. the dedication of rights-of-way or easements,
  - ii. the construction of improvements by the developer thereon (on private property), and
  - iii. line extension costs or other agreed upon privately funded costs that are required under GWA rules or regulations or Guam law to accommodate development regardless of type.
- B. The offsite improvement must meet the definition of Sanitary Sewer Facility Expansion or Water Facility Expansion, described in the definitions above.
- C. The financial offset shall include costs associated with asset construction including, but not limited to design, permitting, construction, materials, and testing. Upon GWA's acceptance of the assets, GWA shall be responsible for operation and maintenance costs.

### **IV. GUIDELINES**

- A. The developer shall submit engineering plans and an estimate of the total project cost with the financial offset request, for GWA's timely review and approval. If the estimated cost is less than the SDC assessment (in accordance with Exhibit C, Schedule I of the GWA SDC Implementation Guidelines) then the developer will be required to pay the difference to GWA prior to GWA's approval of the building permit application.
- B. Upon completion of the project, the developer shall submit actual costs for GWA's review and approval. If the actual cost is less than the SDC assessment, the developer shall pay the difference to GWA prior to GWA's approval of the development's occupancy permit application.
- C. GWA and the developer execute an agreement that clearly identifies the scope of offsite improvements prior to GWA's approval of a building permit application.
- D. The developer shall be responsible for
  - i. all Federal and Government of Guam permitting requirements and
  - ii. all payments for the improvement construction including permitting, materials, and contractor fees.
- E. GWA may require the developer to provide a 100% bond for the project, per SDC Implementation Guidelines Section 17.

- F. All offsite improvements shall meet GWA design, material, construction, testing, engineering, and inspection requirements. The offsite improvements shall be covered under a Department of Public Works building permit. GWA may require the developer to employ a construction manager who shall, upon completion of construction, submit a construction report to GWA for review and approval.
- G. The offsite improvement construction shall be completed and the assets accepted by GWA prior to GWA's approval of the development's occupancy permit.
- H. In the case of phased development, the agreement shall identify offsite improvements required to be completed, placed into service, and accepted by GWA prior to occupancy permit approval for each phase of the development.