

WEST STEWART UTILITY DISTRICT

RULES AND REGULATIONS

GENERAL

- 1.1 Water service will be furnished subject to the Rules and Regulations of the West Stewart Utility District adopted by its Board of Commissioners. These Rules and Regulations may be amended at any regular or special meeting of the Board of Commissioners by vote of a majority of the members of the Board. Any amendment will take effect immediately unless the resolution or vote adopting the amendment shall provide a different effective date.
- 1.2 A copy of these Rules and Regulations shall at all times be kept in the District's office and shall be subject to inspection by any customer or any other member of the public during regular business hours.
- 1.3 Should these Rules and Regulations conflict with any provision of bond resolution authorizing the issuance of the District's outstanding bond issues, the provisions of the bond resolutions shall control with respect to the rights of such bondholders.
- 1.4 Any proposed developments, improvements, and/or construction activities proposed to connect, extend, or otherwise modify the District's utility system shall be subject to full review and approval of the District. Any such proposed activities shall fully comply with the District's Standard Construction Specifications (available by request) and other special requirements as determined by the District on a case by case basis.

2. APPLICATION AND CONTRACT FOR SERVICE

- 2.1 All persons applying for water service must sign an Application and Contract for Service agreeing to the District's charges for service set out in the District's Schedule of Rates and Fees and agreeing to abide by the District's Rules and Regulations.
- 2.2 Upon the execution of the Application and Contract for Service, the applicant will pay the connection fee, and if applicable, the tap fee and/or any other fees set forth in the District's Schedule of Rates and Fees.
- 2.3 When a customer is a property owner, the owner shall be responsible for the water bill of any tenant or other non-owner whom customer permits to occupy the property unless the owner shall first require such occupant to enter into his or her own Application and Contract for Service with the District.
- 2.4 The service purchased will be used only for the benefit of the designated premises and for no other property, persons or purposes. Water service shall not be shifted or changed to any other property without the written permission of the District and then only upon such terms and conditions as provided by these Rules and Regulations or as determined by the Board of Commissioners.
- 2.5 Service may be denied to anyone who owes an outstanding bill from prior service from the District until the customer makes arrangements satisfactory to the District to pay any outstanding bill for prior service.
- 2.6 Existing customers of Leatherwood Water District, Inc., at the time of purchase by West Stewart Utility District, shall not be required to pay a connection if uninterrupted service is continued with West Stewart Utility District. However, each such existing customer shall be required to complete and sign an Application and Contract for Service within 90 days of receipt of the first water bill from West Stewart Utility District.
- 2.7 One (1) form of identification shall be required (either valid Driver's License or picture ID) to be presented at the time of execution of the Application and Contract for Service.
- 2.8 Applications for properties with existing service will receive service by 4:00 pm of the next working day. Although this procedure will be followed as closely as possible, occasions may occur that require a variation from the regular service policy.
- 2.9 Service connected or reconnected after hours or on Saturday, Sunday, or holidays will be charged an extra after-hours service fee listed on the District's Schedule of Rates and Fees. If no meter is present, water service will not be turned on without the customer at the residence.
- 2.10 Acceptable forms of payment for connections or reconnections after hours, weekends, and holidays shall be personal check, cash, cashier's check, money order or credit card payments.

3. TAPPING PRIVILEGES AND FEES FOR CONNECTIONS

- 3.1 Before a new connection is made to the water system, a tap fee will be assessed and collected by the District in accordance with these Rules and Regulations and the Schedule of Rates and Fees.
- 3.2 The connection fee shall be assessed and collected for a single-family structure or each unit of a duplex, triplex, or any other multi-unit residential structure, for a single-unit commercial structure such as a school, church, service station, or other single-unit commercial structure or for each unit of a multi-unit commercial structure such as a shopping center, office building, or other commercial structure. The connection fee for a multi-unit structure shall be calculated as if each unit were individually metered.
- 3.3 Except as provided in Section 4.3, a single tap shall entitle a customer to subscribe for water service to one (1) and only one (1) residence or commercial establishment on the tract. If a second residential dwelling or commercial establishment is to receive water service on the same tract, a second tap must be obtained for a second residential dwelling or commercial establishment. The ownership of a tap or the existence of a tap adjacent to a particular tract of property shall not entitle the owner or any other person to water service without meeting all other requisites for such service, including payment of such fees and charges as are set out in the District's Schedule of Rates and Fees.
- 3.4 If certain tracts contain second residential dwellings feeding off of a single service line prior to May 1st, 2014, those second residential dwellings in existence shall not be required to obtain a second tap.
- 3.5 Whenever a customer requests for service to be turned on, a connection fee shall be charged. This connection fee shall be charged in addition to any tap fees that may be required. This connection fee shall be charged in accordance with the District's Schedule of Rates and Fees.
- 3.6 Whenever service has been discontinued by the District or a trip is made for the purpose of discontinuing service, a reconnection fee shall be collected by the District before service is restored. The reconnection fee is listed in the District's Schedule of Rates and Fees.

4. SERVICE LINES AND CONNECTIONS

4.1 Service Lines

Service lines connected to the public water system shall be located and installed in accordance with the established standards of the District. When a service line is completed and accepted by the District as part of the public water system, the District shall be the sole owner of and be responsible for the maintenance and upkeep for such service line from the water main to and including the meter. The remaining portion of the service line beyond the discharge side of the meter shall belong to and be the maintenance responsibility of the customer and be kept in good working condition. The District shall have no duty to inspect or repair the customer's service line. In the event of lack of maintenance or substantial leakage on customer's service, the District may discontinue service until necessary repairs are made by customer. A reconnection fee will not be charged.

4.2 Size of Taps, Connections and Service Pipes

Standard residential taps shall be three-fourths (3/4") inch diameter. Larger connections shall be permitted by permission of and by the directions of the District. Tap fees for meters larger than 3/4" shall be on a cost plus 15% basis as stated in the District's Schedule of Rates and Fees.

4.3 Multiple Connections

A master meter shall be required for trailer park, mobile home park, or apartment complex installations. The meter shall be of the type required by the District's engineer, shall be purchased by the District, and shall be installed by the District on a cost plus 15% basis as stated in the District's Schedule of Rates and Fees. The owner will pay a connection fee for each living unit in the park or complex. The owner shall receive a monthly bill according to usage shown by the master meter.

5. BILLING OF CUSTOMERS

- 5.1 Customers will be billed for monthly water service in advance for the number of months set by the Board of Commissioners. Customers shall have thirty (30) days from the date the bill is mailed to pay their water bill. If the bill is not paid by the due date on the bill a late payment penalty of 10% of the bill will be assessed. Failure to receive a bill will not release a customer from payment obligation or extend the due date.
- 5.2 Should the due date for payment of a bill fall on Sunday or a holiday, the next business day following will be the due date for payment. Payment received by mail after the due date will be accepted as timely provided the envelope is date-stamped on or before the due date for payment.
- 5.3 If the bill is not paid within fifteen (15) days of due date on bill, service will be disconnected.
- 5.4 If the bill remains unpaid for thirty (30) days after disconnection, District may use an attorney, collection agency or other means within the law to collect the resulting debt. Customer shall be responsible for any and all costs of collection, including but not limited to attorney's fees and court costs.
- 5.5 When Financial Institutions return checks to the Utility District for insufficient funds or account closed, the Utility District will levy a service charge of thirty dollars (\$30.00). Service(s) may be discontinued immediately on checks returned on accounts closed.

6. DISCONTINUANCE OR REFUSAL OF SERVICE

6.1 Discontinuance or Refusal of Service

6.1.01. The District shall have the right to discontinue service or refuse to connect service for the nonpayment of the customer's bill or any other charge for service. The District will have the right to discontinue service for a violation of or a failure to comply with any of the following:

- (a) The Rules and Regulations of the District;
- (b) The customer's Application and Contract for Service;
- (c) The regulations of the Tennessee Department of Environment and Conservation; or
- (d) For making false Application and Contract for Service.

6.1.02. Discontinuance of service by the District for any cause stated in these Rules and Regulations shall not release the customer from liability for service already received or from liability for payments that thereafter become due under other provisions of the customer's contract.

- 6.2 Service will not be reinstated until the next business day for any request for reconnection except where the lack of water would be deemed by District personnel to create a life threatening situation or aggravate a serious medical condition.
- 6.3 If service has been discontinued for a violation of or failure to comply with the District's Rules and Regulations or Application and Contract for Service, water service shall not be reinstated until such violation has been corrected or compliance has occurred.
- 6.4 When a customer receives a final notice and considers the amount of the bill to be incorrect, the customer may request a review of the bill. To request a review the customer must contact a representative of the District in person, by telephone or by e-mail within five (5) days after the date of the final notice. The customer must make an appointment to meet with a District representative authorized to make bill adjustments within ten (10) days of the final notice. The customer's service will not be discontinued for failure to pay a disputed bill until after the customer meets with the District representative, has an opportunity to be heard, and is informed by the District that no adjustment or only a partial adjustment will be made to the disputed bill.
- 6.5 Service may also be discontinued to customer for the theft or destruction of any utility service or the appearance of a theft device on the premises of customer or any form of tampering that damages the utility service. Additional charges for tampering and/or damage may be administered before service is restored. The District reserves the right to proceed with the appropriate legal action for any said theft or destruction of utility services.

7. USE OF WATER

- 7.1 No customer shall allow waste of water caused by permitting faucets to run continuously, "run off" from irrigation, the failure to properly maintain plumbing within the premises, or other wasteful practices or negligence.
- 7.2 No customer may directly or indirectly resell water purchased from the District, except with the prior written consent of the District.
- 7.3 In times of emergencies or in times of water shortage, the District reserves the right to restrict the purposes for which water may be used and the amount of water which may be used. A violation of such restrictions constitutes grounds for discontinuance of water service to the premises or dwelling on which the violation occurs until such time as the emergency or water shortage ends.

8. ACCESS TO CUSTOMER'S PREMISES AND INSPECTION

The District shall have free access to that portion of the customer's premises necessary for inspecting, testing, repairing, removing, or replacing its meter, equipment and property owned by the District. The customer shall be responsible for removing any obstruction which prevents the District access to its meter, equipment and property.

9. INTERRUPTION OF SERVICE

9.1 Interruption of Service

9.1.01. The District will endeavor to furnish continuous water service, but it does not guarantee to any customer any fixed pressure or continuous service. The District shall not be liable for any damages for any interruption of service however caused except for willful default or neglect. If any customer requires an uninterrupted water service for life preserving or other dire purposes, such customer must notify the District and obtain permission to construct, at customer expense, a private holding tank or other such provisions as the District will permit to further assure a fixed pressure or continuous supply.

9.1.02. The District reserves the right to interrupt service without notice in connection with the operation, maintenance, repair, and extension of the District's water system or when public safety so requires.

9.2 Liability for Loss or Damage upon Service Discontinuance

The District shall not be liable for any loss or damage to a customer's premises resulting from a discontinuance of service. If a customer wishes to avoid possible damage after the discontinuance and reinstatement of service, the customer shall rely exclusively on its own cut off on the customer's side of the meter and not on the District's cut off. The customer shall be responsible for insuring that his plumbing is properly drained and is kept properly drained after his water service has been cut off.

10. CANCELLATION OF SERVICE

The customer shall give the District at least five (5) days notice to cancel water service. The customer shall notify the District of its desire to cancel water service in person, by telephone, or by mail and shall give a cancellation date and a forwarding address. The customer will be responsible for all water charges which accrue, including the minimum charge, through the cancellation date. When the customer does not contact the District to cancel service or give a cancellation date, the customer will be responsible for all water charges which accrue, including the minimum charge, until the District actually receives notice that the customer is no longer using water service.

11. CROSS CONNECTIONS

The District has adopted the Tennessee Department of Environment and Conservation's Recommended Policy Governing Cross Connections. A copy of this Policy is kept available for public inspection in the District's office. This Policy provides that no person shall cause a cross-connection to exist without the approval of the Tennessee Department of Environment and Conservation for periodic inspections of all premises where cross-connections are likely to exist, and for prompt action to systematically correct all such cross-connections.

12. CUSTOMER COMPLAINT POLICY

- 12.1 Complaints concerning the availability of service, the quality of service performed, the amount of a bill, and all other complaints shall initially be made to the District's customer service representative.
- 12.2 The customer service representative shall notify the customer of the disposition of the customer's complaint by telephone, letter, or otherwise within ten (10) days after receipt of the complaint, excluding Saturdays, Sundays, holidays, and any periods during which the District customer representative may be unable to act upon the complaint because of an absence from the county. If the complaint has not previously been reduced to writing, the District's customer representative will make and file a written notation of the substance of the complaint and of his or her action and decision on the complaint.
- 12.3 If the customer desires review by the Board, the customer's complaint will be scheduled for consideration at the Board's next meeting, and the customer shall be informed of the time and place of the meeting.
- 12.4 If the customer appears at a Board meeting to seek review of a complaint, the Board may defer hearing the complaint until a subsequent meeting when the Board determines additional information is needed to resolve the complaint which information can be obtained from the District's records.
- 12.5 When a customer shall appear at a Board meeting to make a complaint without previously submitting the complaint to the District's customer representative, the Board may require the customer to present the complaint to the District's customer representative in accordance with the procedures set forth in this rule so the Board may be fully informed of the facts before resolving the complaint. In its discretion, however, the Board may hear and consider such a complaint.

13. MEETINGS

The District's Board of Commissioners will have a regular meeting quarterly on the second Monday of January, April, July and October of each calendar year. Notice of the regular quarterly meeting or any special meeting will be published in a newspaper of general circulation in the District's area. The date and time of the District's regular meetings shall printed on the customer's bill. All meetings shall be open to the public.

14. SCHEDULE OF RATES AND FEES

Monthly Service Rates:

Residential:	\$54.82/mo. plus tax
Commercial:	\$104.87/mo. for service fee; \$15.73 per 1,000 gallons for all usage; plus tax

Fees:

3/4" Tap Fee (to include tap, service line from main to meter, water meter, & water meter box):	\$1,000.00
Large Tap Fee (to include tap, service line from main to meter, water meter, & water meter box):	Cost plus 15%
Bore Fee (if required):	Cost plus 15%
Connection Fee:	\$50.00
Reconnection Fee:	\$500.00
Late Payment Fee:	10% of the bill, if bill is not paid within 15 days after due date on the bill
After-Hours Fee:	\$100.00

Amended 1/25/16
Amended 4/24/17
Amended 7/1/21
Amended 4/18/22
Amended 9/26/24

15. BILL ADJUSTMENT POLICY

- 1) It is the policy of virtually all electric, natural gas and many water utilities, and it shall be the policy of this utility to have the customers of the utility subsidize the bill of any one customer only when there is an inaccurate meter or utility equipment failure. Examples include, but are not limited to the following:
 - a) damaged meters;
 - b) frozen meters;
 - c) leakage on the customer's side of the meter that is caused by the utility.
- 2) The customers of the utility shall NOT subsidize the extraordinary water use of any one customer if it is caused by other reasons. Examples include, but are not limited to, leaky plumbing fixtures, filling of swimming pools, lawn and garden watering or freezing of pipe or fixtures.
- 3) Any customer questioning the accuracy of his meter shall pay the utility bill in question and a meter testing deposit of \$50 (residential meters) and \$350 (commercial and industrial meters). The utility will remove the meter and ship it to the manufacturer or have a recognized meter testing company test the meter on-site. The utility will pay all costs associated with the testing of the meter.

If the meter proves to be accurate within guidelines established for used meters by the American Water Works Association (AWWA), it is deemed to be accurate. If the meter tests accurate, the customer forfeits the meter deposit. If the meter does not meet AWWA accuracy standards, the utility shall refund the meter deposit to the customer and repair or replace the meter.

- 4) If an adjustment of the customer's bill is warranted due to an inaccurate meter or due to the failure of equipment that is the responsibility of the utility, the amount of the bill will be determined based on an average for the billing period for the last twelve months.
- 5) The utility shall not be obligated to make adjustments of any bills not contested after ninety (90) days from the billing date.
- 6) The utility shall be under no obligation to extend the discount date or the time for paying any bills because the customer disputes the amount of the bill or liability for the bill.
- 7) Special circumstances shall be reviewed by the Board of Commissioners on a case-by-case basis. The Board shall have the authority to grant a variance from this policy.

Adopted 10/29/18

16. WASTEWATER RULES AND REGULATIONS

Availability:

At present, sewer is only available in the River Trace II area served by the low-pressure pipe (LPP) wastewater system and Septic Tank Effluent Pumped (STEP) collection system and only for lots indicated on Final Plat of subdivision (28 lots).

Fees and Rates:

The owner of each lot will be required to pay a **quarterly reservation fee of \$299.62.**

Additionally, the owner of each lot which is currently connected to the system will be required to pay a **quarterly user fee of \$52.36.**

These fees will be due quarterly on the fifteenth of the first month of each quarter. A non-payment penalty of five (5) percent of the charge will be due after the due date shown on the bill. WSUD reserves the right to place liens on properties with sufficiently delinquent sewer access fees.

A one-time **tap fee of \$8500 for homes with three bedrooms or less** shall be paid by lot owners to connect to the WSUD system. **An additional \$1000 shall be added for each additional bedroom.** This tap fee includes the septic tank or advanced treatment unit (ATU) as specified by WSUD, effluent pump and installation.

Payment Terms:

A non-payment penalty of five (5) percent of the monthly charge will be due after the due date shown on the bill (typically the 15th of the month). It is the Customer's responsibility to ensure that their payment arrives by the due date. Late penalties are processed on the day after the due date and will only be adjusted in the event of an extraordinary circumstance.

WSUD reserves the right to place liens on the property if payment is not received within **30 days** of the due date delinquent Customer will be notified via certified mail of the time they have to settle their account before they risk legal action.

WSUD may take legal action for any of the following reasons:

1. For non-payment of bill;
2. For misrepresentation in the application;
3. For adding to the property or fixtures without notice to WSUD;
4. For tampering with any service pipe, tank, control system, filter or any other facilities of WSUD in any way whatsoever;
5. For violation of any rules of WSUD;
6. For disconnecting or reconnecting service by any party, other than a duly authorized agent of WSUD, without the consent of WSUD.

System Abuse:

If excessive volumes of sewage are received, WSUD may require the Customer to monitor flow volume and increase surge holding capacity at the Customer's expense. All customers will be required to follow the Utility Customer's Manual, supplied to them by WSUD. These requirements prohibit the flushing of any toxic chemicals that kill tank bacteria, and disposal of an excessive amount of grease, pet hair, or non-biodegradable products, among other things.

Terms of Service:

The house plumbing, house outfall line, and septic tank are the responsibility of and shall be maintained by the Customer. The only component of the septic tank that shall be the responsibility of and maintained by WSUD is the effluent pump. Other than the effluent pump, WSUD's responsibility for maintenance begins at the point of exit from the tank via the outlet tee. The Customer must execute an agreement granting an easement to WSUD for maintenance of the sewer system. WSUD shall be responsible for pumping out the septic tank.

Once installed by WSUD, the septic tank shall be owned by the Customer. If septic tank structurally fails or is damaged after installation, Customer shall be responsible for its replacement or repair.

Adopted 10/29/18
Amended 4/18/22
Amended 9/26/24

17. FIXED ASSETS POLICY

Policy Statement: This policy provides guidelines for the capitalization of purchase of land, buildings, land improvements, pipes, infrastructure, equipment and other materials.

Fixed assets consist of all capitalized assets with an estimated useful life of at least one year and cost \$2,000 or more.

Items costing less than \$2,000 will be accounted for to insure proper stewardship purposes. This includes such “sensitive items “such as cellular phone, radios, pagers, laptop computers and other items that are especially susceptible to theft.

- 1) **Land** includes all real property owned, purchased or donated, and used, rented, or held for investment.
- 2) **Buildings** include all buildings owned, either purchased or donated, and any building improvements costing **\$10,000** or more.
- 3) **Land Improvements** include all improvements to land owned costing more than **\$10,000**. Land improvements include all cost necessary to prepare the land for use such as grading, blasting and clearing.
- 4) **Infrastructure** includes all items of utility systems improvements costing more than **\$5,000**. Infrastructure items include, sewer systems and water system
- 5) **Equipment** is defined as any movable property i.e., machinery, vehicles, computers and furniture costing at least **\$2,000** that is not a replacement part. Component items that form one working equipment system are combined for capitalization purposes. The “system” definition applies to computer configurations, electronic & laboratory equipment and other portable equipment. Additions to equipment that become either component parts or permanently connected to existing equipment items are also defined as equipment and should be capitalized, regardless of cost. The cost of repairs should be capitalized if such repairs “significantly extend the life of the asset”.
- 6) **Depreciation** of all fixed assets will be depreciated at cost on a straight-line basis using estimated useful lives as follows:

Buildings, pipes	40 years
Land improvements	20 years
Infrastructure	20 years
Equipment	5 years
Vehicles	3 years

Adopted 7/22/2019

18. TRAVEL REIMBURSEMENT POLICY

1. The board of commissioners has elected to reimburse expenses incurred by the following individuals for the purpose of conducting district business:
 - a) Members of the board of commissioners;
 - b) Committee members elected or appointed by the board;
 - c) District employees.
2. **Expenses incurred by a spouse, children, other relatives, friends or companions are not eligible for reimbursement.**
3. Expenses eligible for reimbursement must be actual, ordinary and necessary in the conduct of district business. These include expenses for the following:
 - a) Transportation;
 - b) Lodging;
 - c) Meals;
 - d) Registration for conferences, conventions and seminars;
 - e) Tolls, taxicab fees and parking fees;
 - f) Other actual, ordinary and necessary expenses deemed to be connected to the conduct of district business by the board of commissioners.
4. All mileage shall be computed based on Official State of Tennessee or Rand-McNally maps or actual mileage.
5. **District Vehicles.** The board of commissioners or manager may require that an employee drive a district vehicle to conduct district business.
6. **Personal Vehicles.** When a personal vehicle is used, the following limitations apply:
 - a) Mileage shall be reimbursed at a rate no higher than established in *IRS, which* is currently \$.56 cents per mile.
 - b) Mileage shall be reimbursed only for the most efficient route (considering distance and time), plus reasonable vicinity mileage.
 - c) If the trip is extended for personal use, personal mileage must be deducted.
 - d) If two or more employees or officials travel together in one person's vehicle, only the person who owns or has custody of the vehicle will be reimbursed for mileage.

- e) Employees and officials will maintain adequate insurance to hold harmless the district for any liability from the use of personal vehicles.
- f) In no event shall mileage reimbursement, plus vicinity travel and associated automobile costs, exceed the lowest reasonable available airfare and associated travel costs.
- g) Employees or officials shall not be reimbursed for automotive repair or breakdowns when using their personal vehicles.

7. **Airlines.** The following limitations apply:

- a) Employees and officials should make full use of discounts and special rates for advance airline reservations.
 - b) Reimbursement will be made for tourist class airfare only.
 - c) Mileage credits for frequent flyer programs accrue to the traveler; however, there shall be no circuitous routing, scheduling of a particular carrier or other manipulations of air schedules to maximize travel credits.
8. Lodging rates shall not exceed the maximum rates authorized by *IRS Publication 1542*, except when authorized in advance by the board of commissioners for such occasions as conventions and conferences.
9. If two or more persons share a room, each traveler shall claim one half of the double room rate and file expense forms at the same time.
10. If an authorized traveler shares a room with a non-district traveler, the actual cost will be allowed up to the maximum reimbursable amount.
11. Laundry expenses and other personal expenses will not be reimbursed.
12. Meals allowance shall be based on the federal rate set in *IRS Publication 1542* based on the quarter's method (*meals & incidentals*) (this can be found at <http://www.gsa.gov/portal/category/100120>).
13. No meal reimbursement shall be given unless an overnight stay is required.
14. At the discretion of the board or its designee, authorized travelers may request either a travel advance for the projected cost of authorized travel expected to exceed \$100 or advance billing directly to the district for registration fees, airfares, meals, lodging, conferences and similar expenses.
15. Travel advance requests are not considered documentation of travel expenses. If

travel advances exceed documented expenses, the traveler must submit the difference to the district at the time the expense reimbursement form is submitted.

16. All expenses must be documented with the expense reimbursement form and applicable receipts. Meals accounted for in the meal section of the expense reimbursement form do not require a receipt.
17. Expense forms are to be submitted for payment as soon as is practical after completion of travel. If expenses are not submitted within 30 days, they will not be reimbursed.
18. All claims for expenses, with the exception of meals claimed in the meals section of the expense reimbursement form, must be supported by the original paid receipt for all reimbursable expenses where possible. If a receipt is lost or unavailable, the expense form should state that the receipt is lost or unavailable.
19. If a travel advance was used, a copy of the travel advance form must be submitted with the expense form, along with appropriate receipts.
20. If a refund is due the district from a travel advance, a check should be attached to the expense form, made payable to the district for the difference.
21. All expense reimbursement forms shall be examined and approved by either the board of commissioners, manager or their designee before payment.
22. **Extended Stay:** Where conferences, meetings and/or other training sessions end prior to the end of a normal workday and where travel back an attendee's place of residence cannot be completed in what is considered "normal commuting time", this time is to be defined as within 2 hours of a normal workday.

At the discretion of the attendee, due to safety concerns, an additional night's stay is authorized. Return to the attendee's place of residence on the following day should be carried out in an expeditious manner.

19. Cyber Security Plan

Policy Statement: West Stewart Utility District recognizes that the water and wastewater service it provides to customers is a critical lifeline service. Safe and clean water are essential for public health, ecosystem protection and economic strength. This policy has been developed to ensure that the District is prepared to respond to a cyber-attack and reduce the impact of an attack on operations and customer data.

Due to the limited size and number of customers served, West Stewart Utility District has elected to contract with private contractors to manage and operate the Utility. Supporting these important functions requires that each of these contractors who provide for:

- the daily water and sewer system operation;
- customer data and billing;
- financial accounting

recognize that they are the keys to protection from a Cyber-attack. Each contractor will be required to certify annually that it conforms to this policy.

Regulatory Requirements: Tennessee Code Annotated, Title 7, Chapter 51, Part 23 requires utilities to prepare and implement a cyber security plan that will protect the utility and its facilities from unauthorized use, alteration, ransom, or destruction of electronic data and to assess and update the cyber security plan every two years to address new threats.

Questions to be asked of each Contractor:

- (1) Do you keep an inventory of control system devices?
- (2) Can you ensure that control system equipment is not exposed to outside networks?
- (3) Do you segregate networks and apply firewalls?
- (4) Do you use remote access methods?
- (5) Have you established roles to control access to different networks and log system users?
- (6) Do you require strong passwords and password management practices?
- (7) Do you implement patches and updates when needed?
- (8) Do you enforce policies for the security of mobile devices?
- (9) Do you have an employee cybersecurity training program?

Each contractor will be required to certify on or before July 1 of each year their response to each question as it applies to their responsibility.

Access to Facilities: In addition to cyber-security, appropriate measures will be taken to ensure continuous security of all facilities, including but not limited to, the prevention of unauthorized access to facilities. It is the responsibility of Rye Engineering to ensure that keys, combinations or other “access devices” regulate access to District premises, valuables and certain confidential information.

Adopted 4/24/2023

20. Purchasing Policy

Section 1. Purpose and Authority of General Manager.

- (a) West Stewart Utility District (the District) adopts this Purchasing Policy (the Policy) to obtain goods and services for the operation of the District using procurement methods designed to provide fair and competitive pricing to meet the District's quality and performance standards. This Purchasing Policy establishes provisions for all purchases, leases, lease-purchases and contracts for goods and services consistent with the District's needs and Tennessee law. Unless noted otherwise, purchases, leases, lease purchases and contracts for goods and services will be collectively referred to as "purchases" in this Purchasing Policy.
- (b) The General Manager shall serve as District's central purchasing and contracting authority and will be responsible for the interpretation and application of the provisions of this Policy.

Section 2. Methods of Procurement.

- (a) Purchase by competitive sealed bids.
- (b) Purchase by competitive quote bids.
- (c) Purchase by competitive sealed proposals.
- (d) Purchase by request for qualifications.
- (e) Purchases exempt from competitive bidding under Sections 11 and 12.
- (f) Open market purchases.

Section 3. Vendor List.

Requests for competitive sealed bids and requests for competitive quote bids will be solicited from vendors on vendor list of the Tennessee Association of Utility Districts (TAUD) in the TAUD Official Purchasing Guide.

Section 4. Competitive Sealed Bids.

- (a) Competitive sealed bidding will be used for purchases over \$25,000.
- (b) Requests for sealed bids will be in writing. The General Manager will prepare or approve a request for sealed bid. A request for sealed bid will include clear and accurate specifications which permit a vendor to submit an appropriate bid for the purchase and which promotes competition.

- (c) A request for sealed bid will be sent to at least three prospective bidders on the vendor list in the TAUD Official Purchasing Guide. Public notice of the request for sealed bid may be provided to prospective bidders by mail, email or other electronic communication, publication on the District's website, publication in newspapers of general circulation, publication in trade and industry publications or websites, and any other methods of providing notice of opportunities to bid which may be customarily used for the type of contract being offered or the type of goods or services being purchased. The District will not require small businesses and minority-owned businesses to receive request for bids electronically.
- (d) When deemed appropriate by the General Manager, the District may prequalify prospective bidders for a specific contract or purchase.
- (e) Sealed bids will be submitted to the District on or before the bid submission deadline and in the manner designated in the request for sealed bid. Late bids will not be accepted.
- (f) Pursuant to T.C.A. § 12-4-113, the District will not modify or amend its request for sealed bid less than forty-eight (48) hours before the bid opening date and time, excluding weekends and legal holidays, unless the bid deadline is extended for a reasonable time as determined by the General Manager which extension will not be less than forty-eight (48) hours excluding weekends and legal holidays.
- (g) Any questions about the request for sealed bid or other bidding documents must be received by the District's General Manager or his or her designee no less than ninety-six (96) hours before the bid opening date and time.
- (h) Bids will be opened publicly at the time and place and in the manner designated in the request for sealed bid.
- (i) The District reserves the right to reject all bids in its sole discretion.
- (j) Purchases by competitive sealed bids will be awarded by the District's Board of Commissioners to the lowest qualified and responsible bidder as set forth in Section.
- (k) The Board may delegate the authority to award a contract or purchase by competitive sealed bids to the District's General Manager under the circumstances and within the parameters deemed appropriate by the Board. When the General Manager awards a contract or purchase to a vendor other than the lowest bidder pursuant to such delegation, the General Manager will prepare a memorandum for the bid file setting forth the reasons the contract or purchase was awarded to a vendor other than the lowest bidder.

Section 5. Competitive Quote Bids.

- (a) Competitive quote bids will be used for purchases between \$10,000 and

\$25,000.

- (b) The General Manager will prepare or approve a request for quote bid which will include a bid submission deadline. A request for quote bid will include clear and accurate specifications which permit a vendor to submit an appropriate bid for the purchase and which promotes competition.
- (c) A request for quote bid will be sent to at least three prospective bidders on the vendor list in the TAUD Official Purchasing Guide. Public notice of the request for quote bid may be provided to prospective bidders by telephone, mail, email or other electronic communication, publication on the District's website, publication in newspapers of general circulation, publication in trade and industry publications or websites, and any other methods of providing notice of opportunities to bid which may be customarily used for the type of contract being offered or the type of goods or services being purchased. The District will not require small businesses and minority-owned businesses to receive request for quote bid electronically.
- (d) Bids will be submitted to the District on or before the bid submission deadline and in the manner designated in the request for quote bid. When the District's request for quote bid permits vendor bids by telephone, the vendor must submit a written confirmation of the telephone bid in the form required by the General Manager. The District will not require small businesses and minority-owned businesses to submit bids electronically. Late bids submitted after the deadline may be rejected by the District.
- (e) The District will make its decision on which bid to accept after the bid submission deadline.
- (f) The District reserves the right to reject all bids in its sole discretion.
- (g) When the District accepts a bid, the District will notify the vendor in writing of its acceptance.
- (h) The Board may delegate the authority to award a purchase procured by competitive quote bids to the District's General Manager under the circumstances and within the parameters deemed appropriate by the Board. When the General Manager awards a contract or purchase to a vendor other than the lowest bidder pursuant to such delegation, the General Manager will prepare a memorandum for the bid file setting forth the reasons the contract or purchase was awarded to a vendor other than the lowest bidder.

Section 6. Award to Lowest Qualified and Responsible Bidder.

- (a) Goods and services purchased by competitive sealed bids or competitive quote bids will be purchased from the lowest qualified and responsible bidder. In determining who is the lowest qualified and responsible bidder,

the District may consider the following factors in addition to the price quoted:

- (1) ability to provide the goods or perform the services;
 - (2) ability to provide the goods or services promptly, within the time specified, or without delay or interference;
 - (3) ability to provide for future maintenance and service of the goods or services;
 - (4) financial ability to provide the goods or perform the services;
 - (5) conformity with bid specifications;
 - (6) quality of goods or services;
 - (7) life expectancy and maintenance costs;
 - (8) discount for prompt payment;
 - (9) freight costs;
 - (10) delivery date and terms;
 - (11) past performance for the District and other utilities; and
 - (12) other pertinent factors.
- (b) The District is not obligated to purchase goods and services from the bidder with the lowest price when the factors outlined in this Section 6 warrant an award to one other than the bidder with the lowest price.

Section 7. Cancellation or Withdrawal of Request for Sealed Bids, Request of Quote Bids or Request for Competitive Sealed Proposals

In its sole discretion, the District may cancel or withdraw any request for sealed bid, request for quote bid, or request for competitive sealed proposals at any time before the bid or proposal submission deadline, and any responses received will be automatically rejected.

Section 8. Record of Bid Purchases.

When the purchase goods or services requires competitive bidding under this Purchasing Policy, the District will keep a file on the bid purchase. The bid file will include all written documentation related to the bid purchase transaction, including the request for bids, written bids submitted, written confirmation of telephone bids submitted, correspondence related the request for bids and submission of bids, correspondence related to the purchase or contract award, purchase invoice, bid bonds, the contract awarded, payment and performance bonds and any other written documents created or received in connection with the bid purchase. The bid file may be kept as an electronic file.

Section 9. Provisions for Construction Contracts.

- (a) Request for bids and bid openings for construction contracts procured by competitive sealed bids will comply with provisions of T.C.A. § 62-6-119. When the construction

contract is for a project being financed by a grant or loan from a state or federal agency, the District must comply with the competitive bidding regulations of these agencies for their grant and loan recipients.

(A) Certificates of deposit or evidence of other deposits irrevocably pledged from:

- (i) A state or national bank having its principal office in Tennessee;
- (ii) A state or federal savings and loan association having its principal office in Tennessee;
- (iii) Any state or national bank, that has its principal office located outside this state and that maintains one (1) or more branches in this state which are authorized to accept federally insured deposits; or
- (iv) Any state or federal savings and loan association that has its principal office located outside this state and that maintains one (1) or more branches in this state which are authorized to accept federally insured deposits;

(B) A letter of credit from a state or national bank or state or federal savings and loan association having its principal office in Tennessee; or any state or national bank or state or federal savings and loan association that has its principal office outside this state and that maintains one (1) or more branches in this state which are authorized to accept federally insured deposits. The terms and conditions of any letter of credit shall be subject to the District's approval. The form of such letter of credit shall be provided by the bank or savings and loan association and may be based on either the Uniform Commercial Code or the ICC Uniform Customs and Practice for Documentary Credits (UCP 500). All letters of credit shall be accompanied by an authorization of the contractor to deliver retained funds to the bank issuing the letter; or

(C) Cash; provided, that, where cash is posted, the District shall pay to the contractor interest at the same rate that interest is paid on funds invested in a local government investment pool established pursuant to T.C.A. § 9-4-704, for the contract period.

Section 10. Competitive Sealed Proposals.

- (a) Purchases by competitive bidding may not be practical or advantageous to the District when qualifications, experience or competence are more important than price in

making a purchase. Upon recommendation by the General Manager, the Board of Commissioners may use competitive sealed proposals (request for proposals) for purchases of more than \$25,000 when qualifications, experience or competence are more important than price in making a purchase.

- (b) Competitive sealed proposals may only be used in the following circumstances.
 - (1) When there is more than one solution to a purchasing issue and the use of competitive sealed proposals will assist in choosing the best solution.
 - (2) When there is no readily identifiable solution to a purchasing issue and the use of competitive sealed proposals will assist in identifying one or more solutions.
 - (3) The procurement of construction management services in conformity with the provisions of T.C.A. 12-4-107(b).
- (c) Requests for proposals (RFP) may be provided to prospective proposers by mail, email or other electronic communication, publication on the District's website, publication in newspapers of general circulation, publication in trade and industry publications or websites, and any other methods of providing notice of opportunities to vendors to respond to competitive sealed proposals which may be customarily used for the type of contract being offered or the type of goods or services being purchased.
- (d) The RFP will be prepared by the General Manager. The request will state the factors to be used to evaluate the proposals, including price, and will state their relative importance in the evaluation. The RFP will state that the evaluation all of the stated factors will determine whose proposal is the most advantageous to the District. The RFP may state that price will be separately submitted and included in the evaluation through a multi-step process. A multi-step process may include submission of pricing before or after the evaluation and any discussion of the proposals with the proposers.
- (e) The competitive sealed proposals will not be disclosed during the negotiation and evaluation process which follows their submittal and opening. The competitive sealed proposals will be made open for public inspection after the intent to award the contract to a particular proposer is announced.
- (f) After the competitive sealed proposals are submitted, the District may conduct discussions to clarify a proposal or to assure a full understanding of the proposal and its responsiveness to the District's requirements. When the District conducts these discussions, all responding proposers whose proposals are reasonably capable of being selected must be afforded fair and equal treatment in these discussions. During these discussions, the District may not disclose to one proposer information derived from competing proposals.

- (g) When discussions occur, proposers may be allowed to revise their proposals so that the District may obtain the best and final offer from each proposer provided any revisions are submitted and received before the District's intent to award to a particular proposer is announced.
- (h) The Board of Commissioners will award the purchase to the responsible proposer whose proposal is the most advantageous to the District taking into consideration price and the evaluation factors set out in the RFP. No other factor may be used in the Board's evaluation.
- (i) An aggrieved proposer who is not selected may file a protest to the award with the District within seven (7) days after the intended award is announced. The Board will consider any protest filed at its next regular Board meeting or at a specially called Board meeting for the purpose of considering the protest.
- (j) When the purchase of goods or services is made by competitive sealed proposals, the District will keep a file on the purchase by competitive sealed proposals. The file must include a statement containing the basis on which the award was made. The file will include all written documentation related to the purchase transaction, including the RFP, the competitive sealed proposals submitted, correspondence related the competitive sealed proposals submitted, correspondence related to the purchase or contract award, purchase invoice, bid bonds, the contract awarded, payment and performance bonds and any other written documents created or received in connection with the competitive sealed proposal purchase. The competitive sealed proposal purchase file may be kept in an electronic form.
- (k) When a construction contract is awarded in excess of \$100,000 by competitive sealed proposals, the contractor will comply with the performance bond and payments bond provisions set forth in Section 9(c).

Section 11. Request for Qualifications.

- (a) Contracts for architectural and engineering services must be procured using the request for qualifications process set forth in this Section 11.
- (b) Contracts for professional services covered by T.C.A. § 12-3-1209 may be procured using a request for qualifications process.
- (c) The Board of Commissioners will establish a selection committee to oversee and conduct the request for qualifications process.
- (d) The selection committee will prepare and issue a request for qualifications (RFQ) to seek qualifications and experience data from any firm or firms and may interview such firm or firms. When the services to be provided require licensing in Tennessee, the selection committee may only seek qualifications and experience data from licensed Tennessee firms.

- (e) The selection committee shall evaluate statements of qualifications and experience data regarding the procurement of the services and shall conduct discussions with such firm or firms regarding the furnishing of required services. Then, the selection committee will select the firm deemed to be qualified to provide the services required.
- (f) The selection committee shall negotiate a contract with the qualified firm at compensation which the selection committee determines to be fair and reasonable to the District. In making such determination, the selection committee shall take into account the estimated value of the services to be rendered, the scope of work, complexity and professional nature of the services. The contract negotiated by the selection committee must be approved by the Board of Commissioners.
- (g) If selection committee is unable to negotiate a satisfactory contract with the firm considered to be qualified at a price determined to be fair and reasonable, negotiations will continue with other qualified firms until an agreement is reached.
- (h) If the Board of Commissioners does not approve the contract negotiated by the selection committee, the selection committee will continue with other qualified firms until an agreement is reached.
- (i) When the District has a satisfactory existing working relationship for architectural or engineering services with an existing firm, it may expand the scope of the services with this firm without engaging in a request for qualifications for the expanded services, provided the services are within the technical competency of the existing firm.

Section 12. Exceptions to Competitive Bidding – Utility District Law.

The following purchases are excepted from the District's competitive bidding requirements pursuant T.C.A. §§ 7-82-801 and 803.

- (a) Purchase of items or groups of items less than \$10,000.
- (b) Contracts to provide a continuous work force through independent contractors for the maintenance, installation, and repair of the system or for items sold at retail by the District.
- (c) Purchase of goods or services for which there is a single source of supply.
- (d) Purchases for immediate delivery in actual emergencies arising from unforeseen causes.
- (e) Purchases of real property.
- (f) Purchases from any federal, state, or local government unit or agency.

- (g) Purchases from instrumentalities created by two or more cooperative governments similar to the Local Government Data Processing Corporation.
- (h) Purchases from non-profit corporations whose primary purpose is to provide goods or services to various local governments.
- (i) Purchases in the open market, including fuel and fuel product purchases.
- (j) Purchases of items for resale.
- (k) Contracts for consultant and management services for the coordination and management of the operation of the District's water system.

Section 13. Exceptions to Competitive Bidding – Other Tennessee Statutes.

The following purchases are excepted from the District's competitive bidding requirements pursuant to other Tennessee statutes applicable to utility districts.

- (a) Contracts for legal services, fiscal agent, financial advisor or advisory services, educational consultant services, and similar services by professional persons or groups of high ethical standards which shall be procured in accordance with the provisions of T.C.A. § 12-3-1209.
- (b) Contracts for architectural and engineering services and contracts for construction management services which shall be procured pursuant to the provisions of T.C.A. § 12-4-107(a).
- (c) Contracts for construction management services which shall be procured pursuant to the provisions of T.C.A. § 12-4-107(b).
- (d) Contracts for energy-related services that include both engineering services and equipment and have as their purpose the reduction of energy costs in public facilities shall be awarded on the same basis as contracts for professional services pursuant to T.C.A. § 12-4-110.
- (e) Multi-year contracts for painting and other maintenance of water storage tanks may be procured through a request for proposals process pursuant to the provisions of T.C.A. § 12-4-112.
- (f) Insurance purchased through a plan authorized and approved by any organization of governmental entities representing Tennessee cities and counties.
- (g) Goods and services included in vendor contracts of the Tennessee Department of General Services in accordance with T.C.A. § 12-3-1201(a) and (b).
- (h) Goods and services included in vendor contracts of the Tennessee Department of

General Services purchased from a local source in accordance with T.C.A. § 12-3-1201(d).

- (i) Goods and services included in vendor contracts of the federal General Services Administration in accordance with T.C.A. § 12-3-1201(c).
- (j) Used and secondhand goods from governmental agencies in accordance with T.C.A. 12-3-1202(a).
- (k) Used and secondhand goods from private individuals or entities in accordance with T.C.A. 12-3-1202(b) when the cost of the purchased item is no more than five percent (5%) higher than the general range of value of the item as documented by a listing in a nationally recognized publication or by an appraisal of a licensed appraiser which documentation should be attached to the seller's invoice.
- (l) Goods and services purchased by another local government for the District in accordance with T.C.A. § 12-3-1203(a).
- (m) Goods and services purchased at same price as in the contracts of other Tennessee local governments in accordance with T.C.A. § 12-3-1203(c).
- (n) Goods and services purchased under a cooperative purchasing agreement with other Tennessee local governments in accordance with T.C.A. § 12-3-1205(a).
- (o) Goods and services purchased under a cooperative purchasing agreement with out-of-state local governments or federal government agencies in accordance with T.C.A. § 12-3-1205(b).
- (p) Goods and services permitted to be purchased by competitive reverse auction in accordance with T.C.A. § 12-3-1208.
- (q) Goods purchased at public auction in accordance with T.C.A. § 12-2-421.
- (r) Used or surplus personal property of other local governments, the State of Tennessee or the federal government obtained by the gift, purchase or transfer in accordance with T.C.A. § 12-2-420.

Section 14. Open Market Purchases.

Open market purchases include the purchase of goods and services under \$10,000 which do not require competitive bidding under this Purchasing Policy.