AGREEMENT TO PAY WATER DEMAND OFFSET FEES – LESSEE IMPROVEMENTS

Between

___________________________________________
WATER CUSTOMER
AND
CITY OF SANTA ROSA

This Agreement is made and entered into this ____ day of _________________, 20__, by and between ____________________________________________ (“Water Customer”) and the City of Santa Rosa, a charter City in the State of California (the “City”).

RECITALS

A. The Water Customer is undertaking development/redevelopment/expansion of ________________ on the real property located at __________________________, Santa Rosa, California, Water Customer Number ______________ (hereinafter the “Project” or the “Property”).

B. Pursuant to Water Demand Offset Policy No. 000-72, adopted by the Council of the City of Santa Rosa via Resolution No. RES-2022-062 on March 29, 2022 (“WDO Policy” or “Policy”), and the City’s adopted Water Shortage Contingency Plan, the City requires new development to offset water demand by a 1:1 ratio when the City Council has declared a water shortage that requires existing water customers to adhere to site-specific water allocations (i.e. water rationing). For example, in the City’s 2020 Water Shortage Contingency Plan, site-specific water allocations are assigned to existing customers in water shortages of Stage 5 or greater.

C. WDO Policy states that the provisions of the Policy apply to all projects which are subject to paying new or increased connection fees for City water service.

D. Resolution No. RES-2022-062 established Water Demand Offset Fees as a means of achieving the 1:1 water demand offset required by the WDO Policy, which Fees are subject to annual inflationary adjustments on January 1st of each calendar year based on the Engineering News Record’s 20-Cities CCI, and which Fees may be amended from time to time by the City Council.

E. Pursuant to the WDO Policy, Water Demand Offset Fees must be paid when a Project proponent requests final inspection or temporary or permanent occupancy of all or any portion of the Project. If the City is not experiencing a declared water shortage that requires existing customers to adhere to site-specific water allocations at the time Water Customer
requests final inspection or temporary or permanent occupancy for a Project, Water Customer will not owe any Water Demand Offset Fees.

AGREEMENT

NOW, THEREFORE, in consideration of the recitals set forth above and the covenants, conditions and promises contained herein, Water Customer and the City agree as follows:

1. Water Demand Offset Fee Amount.

(a) Estimated Water Demand Offset Fee Amount. The estimated Water Demand Offset Fee amount for this Project (“Estimated WDO Fee Amount”) is calculated based on: 1) relevant Project information contained in Exhibit A (attached hereto and incorporated herein by this reference), which will include the Water Customer’s Water Demand Offset Application (“WDO Application”) and any additional calculations, corrections, or other information as needed; and 2) the Water Demand Offset Fee Schedule in effect at the time.

ESTIMATED WDO FEE AMOUNT FOR PROJECT $________________

(b) Actual Water Demand Offset Fee Amount. The actual Water Demand Offset Fee amount for this Project (“Actual WDO Fee Amount”) will be calculated when Water Customer requests final inspection or temporary or permanent occupancy of all or any portion of the Project and will be based on: 1) relevant Project information contained in Water Customer’s most recent WDO Application (as provided for in Section 4b below); 2) any additional calculations, corrections, or information as needed; and 3) the Water Demand Offset Fee Schedule in effect at the time Water Customer requests final inspection or temporary or permanent occupancy of all or any portion of the Project.

2. Payment of Actual Water Demand Offset Fee Amount; Timing.

(a) Payment Obligation. Water Customer, on behalf of itself, and its successor and assigns, hereby unconditionally promises and agrees to pay, as and when determined, the Actual WDO Fee Amount pursuant to the terms provided for in this Agreement.

(b) Timing of Payment. Water Customer shall pay the Actual WDO Fee Amount prior to final inspection of the Project, or prior to temporary or permanent occupancy of all or any portion of the Project, provided that the City is experiencing a declared water shortage that requires existing customers to adhere to site-specific water allocations at that time. The City will provide a Release of Agreement to Pay Water Demand Offset Fees after full payment of the Actual WDO Fee Amount.
(c) No Payment Due. If the City is not experiencing a declared water shortage that requires existing customers to adhere to site-specific water allocations when Water Customer requests final inspection or temporary or permanent occupancy of all or any portion of the Project, Water Customer will not be required to pay the Actual WDO Fee Amount, and the City will provide to Water Customer a Release of Agreement to Pay Water Demand Offset Fees without requiring payment of the Actual WDO Fee Amount.

3. **Change in Project.** In the event of any changes or modifications to the Project which could result in a change to the Actual WDO Fee Amount for the Project, Water Customer shall submit a new WDO Application. If the WDO Fee Amount changes, a substitute Agreement shall be executed by the City and Water Customer or its successor in interest.

4. **Default.**

Each of the following shall constitute an “Event of Default” hereunder:

(a) If Water Customer fails to render any payment due hereunder as and when said payment is due and payable if such default shall continue uncured for ten (10) days following such due date; or

(b) If Water Customer allows occupancy for the purpose of occupancy without payment of the Actual WDO Fee Amount to the City under circumstances in which the Actual WDO Fee Amount is due.

5. **Remedies.**

(a) Upon the occurrence of an Event of Default, City shall have all rights and remedies available at law or equity, including but not limited to refusing to perform the final building inspection or give a final approval for use, including any occupancy, of any structures constructed as part of the Project, all of which shall be cumulative.

(b) In addition to any other remedy provided by law or granted elsewhere under this Agreement, the City may elect to seek in a court of appropriate jurisdiction such injunctive orders or other relief as the City considers may be necessary to secure the performance by Water Customer, its successors and assigns, of its commitments and obligations under this Agreement. In any such action, the City shall, in addition to injunctive relief, be entitled to the full scope of remedies afforded by law, including, but not limited to, economic damages.

(c) In the event of any default by Water Customer under this Agreement, including, but not limited to, the failure to pay the Actual WDO Fee Amount when due, interest shall be
due and shall be paid to City on the actual amount of the Actual WDO Fee Amount from the
date due under this Agreement until the date actually paid to the City, or,
alternatively, until a court judgment concerning this Agreement is entered in favor of
the City and against Water Customer, whichever event occurs first. The annual rate of
interest under this Section 5 shall be 10 percent per annum.

6. **Cost of Collection.**

If any amounts under this Agreement are not paid when due, Water Customer promises
to pay all costs and expenses of collection, whether or not an action shall be instituted
to enforce this Agreement.

7. **No Joint Venture Relationship.**

The relationship between the City and Water Customer under this Agreement is that of
a creditor/debtor and not that of a joint venture. Water Customer is not the agent of
the City for any purpose in connection with this Agreement, the Property, or the Project.

8. **Entire Agreement.**

This Agreement, together with any exhibits hereto, constitutes the entire Agreement
between the parties respecting the matters covered, and supersedes all prior
agreements and representations concerning the subject matter hereof, whether written
or oral.

9. **No Severability.**

If any term, provision, covenant, or condition of this Agreement is held by a court of
competent jurisdiction to be invalid, void, or unenforceable, the entirety of this
Agreement shall be rendered null and void and the Actual WDO Fee Amount shall
thereupon be immediately due and payable.

10. **Notices**

Any notices and payments called for by this Agreement shall be personally delivered or
served by first-class or certified mail on the parties at the following addresses:

To City:  City of Santa Rosa
          Water Engineering Services
          35 Stony Point Rd.
          Santa Rosa, CA 95401
Notice of any change of address shall be given pursuant to this Section 10. Any correctly addressed notice that is refused or undeliverable because of an act or omission of the party to be notified shall be considered to be effective as of the first date that the notice was refused or considered undeliverable by the postal authorities, messenger, or overnight delivery service.

11. Conditions to Assignment.

Water Customer shall not transfer or assign its rights or obligations under this Agreement without the prior written consent of City and Water Customer shall not be relieved of its obligations under this Agreement until City has received notice (in accordance with Section 10 above) that the transferee/assignee has executed an assumption agreement.

12. Headings Not Part of Agreement.

The headings used in this Agreement are not part of the Agreement and will not be considered in its interpretation.

13. Modifications to Agreement.

This Agreement may be modified or amended only by subsequent written agreement(s) signed by each of the parties to this Agreement.


This Agreement shall be governed by and construed in accordance with the laws of the State of California. Any and all actions, suits or other legal proceedings arising in connection with this agreement shall be held in courts located in the County of Sonoma.

15. Authority; Signatures Required for Corporations.

Water Customer hereby further represents and warrants that this Agreement has been duly authorized, and when executed by the signatory or signatories listed below, shall
constitute a valid agreement binding on Water Customer in accordance with the terms hereof. Unless signature authority is otherwise demonstrated to the satisfaction of the City, this Agreement is entered into by a corporation, it shall be signed by two corporate officers, one from each of the following two groups: a) the chairman of the board, president, or any vice-president; b) the secretary, any assistant secretary, chief financial officer, or any assistant treasurer. The title of the corporate officer shall be listed under the signature.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date set forth in the first paragraph hereof.

CITY OF SANTA ROSA

WATER CUSTOMER

By: ________________________________
Name: ________________________________
Title: ________________________________

By: ________________________________
Name: ________________________________
Title: ________________________________

By: ________________________________
Name: ________________________________
Title: Director of Santa Rosa Water

By: ________________________________
Name: ________________________________
Title: ________________________________

NOTE: ACKNOWLEDGEMENTS MUST BE ATTACHED FOR ALL SIGNATORIES.

Attachments:
Exhibit A