



Reimbursement Agreement Instructions

The Sacramento Area Sewer District (SASD) may require a project proponent to construct new or enlarged trunk sewers, or collector sewers that benefit other property owners, as a condition of project approval. In these cases, the project proponent may request reimbursement of certain costs from SASD through a trunk or collector reimbursement agreement.

To request a reimbursement agreement, the project proponent must submit an “Application for Reimbursement Agreement” (Application) to SASD before approval of the project improvement plans. The Application form is available on the SASD website at www.sacsewer.com.

Trunk Reimbursement Agreements

Trunk Reimbursement Agreement Requirements

The following process, in addition to requirements in the SASD Sewer Ordinance (Ordinance), must be followed for all trunk reimbursement agreements:

1. The project proponent must submit to SASD Development Services the Application and a complete set of project contract documents, including specifications, improvement plans, geotechnical report, project engineer’s final estimate of construction costs, and itemized bid proposal form for review and approval by SASD.
2. SASD Development Services prepares the trunk reimbursement agreement pursuant to Section 8 of the Ordinance. .
3. The proponent must provide an exhibit depicting the area served by the trunk to determine the area where trunk reimbursement credits can be used. The project proponent must also complete the contribution disclosure forms provided by SASD.
4. Proponent procures all required environmental approvals needed for the project.
5. Project proponent reviews and approves agreement prior to presentation to SASD Board of Directors (Board).
6. SASD staff presents agreement to the Board for approval.
7. The trunk reimbursement agreement must be executed before the project proponent awards the construction contract.

Allowable Bidding Processes for Trunk Reimbursement

A trunk sewer is a work of public improvement (public works) and is subject to public bidding process as per the requirements of the Public Contract Code and California Labor Code.

For trunk reimbursement, either the **Public Bid Process** or the **Cost Schedule Process** will be specified in the agreement and will be used to determine the reimbursable construction costs. These two bidding processes are detailed below.

Once a reimbursement agreement is executed, any change from one bid process to the other will require an amended agreement approved by the Board.

Public Bid Process:

Under the public bid process, the project must be publicly bid and awarded to the lowest responsive, responsible bidder. The project proponent must comply with all applicable requirements in the California Public Contract Code, and the following:

- a. Provide the required copies of the approved contract documents to each list of Builder's Exchanges and Construction Services listed on the SASD website at www.sacsewer.com, unless otherwise approved by the District Engineer.
- b. Provide notice of prevailing wage requirement according to the provisions of the California Labor Code, Chapter 1 beginning at Section 1720, Part 7, Division 2.
- c. Provide notice inviting a formal bid that states the time and place for the receiving and opening of sealed bids and that distinctly describes the project. The notice shall be published at least 14 calendar days before the date of opening the bids in a newspaper of general circulation printed and published in the SASD's jurisdiction.
- d. Provide a minimum two-week bidding period.
- e. Receive at least three bids on an approved set of contract documents, and provide a bid analysis documenting the bids received. If fewer than three bids are received, the project proponent must, before award of the contract, investigate the reasons as to why more bids were not received and present their findings to SASD. SASD will then decide whether the project construction bids be rejected or accepted. If SASD rejects the bids, the project proponent will have the option of either re-bidding the project, or awarding the project to the lowest responsive, responsible bidder and receiving reimbursement based on the Cost Schedule for Sewer Construction described in Section 13 of the Ordinance
- f. Hold a public bid-opening meeting. All bids must be opened in public with a SASD staff member in attendance.
- g. Award the project to the lowest responsive responsible bidder as determined by SASD and the project proponent, and obtain all insurance and bonds pursuant to SASD Standards.
- h. Assure that all the necessary documents are submitted by the lowest responsive, responsible bidder as described in the most recent version of the County of Sacramento Standard Construction Specifications.

- i. If the project proponent determines the low bidder is non-responsible, the project proponent will give the low bidder written notice of that determination and an opportunity of a hearing before an administrative hearing officer, the cost of which will be borne by the project proponent and not subject to reimbursement by SASD. Following the conclusion of the administrative hearing, the administrative hearing officer will issue a written determination resolving all essential issues. This decision will be issued within five calendar days of the conclusion of the hearing. The decision is final and may be appealed to a court of competent jurisdiction based solely upon the administrative record of the hearing. The project proponent must provide notice to SASD of any such non-responsibility proceeding and the findings of the administrative hearing officer.

If the project proponent meets these conditions, the reimbursable construction costs will be equal to the sum of the unit prices contained in the lowest responsive, responsible bid multiplied by the appropriate **as-built** quantities and any SASD approved change order amount pertaining to construction of the trunk sewer.

Failure to meet any of the conditions set forth above will result in the reimbursement being calculated and paid using the **Cost Schedule Process** below.

Cost Schedule Process:

Under the Cost Schedule Process, a project proponent may choose to negotiate the prices for the construction of the trunk with a specific contractor or group of contractors. In order to use this process, SASD must review and provide written approval of all bid items.

If this process is used, SASD will determine the amount of reimbursement for the construction of the trunk sewer facilities included in the project. SASD will base its amount on the unit prices shown on the Cost Schedule for Sewer Construction approved by SASD, or actual construction unit costs, multiplied by the as-built quantities, whichever results in a lower total price for the work. The Cost Schedule for Sewer Construction is updated annually and is available on SASD's website or upon request.

In no case will SASD reimburse the project proponent more than its actual costs.

If the trunk sewer improvements contain specific items of work not shown on the cost schedule approved by SASD, SASD will review the items of work with the project engineer. SASD will then determine the appropriate amount to be reimbursed for the item of work and will include the amount within the reimbursement agreement for trunk sewer facilities. SASD reserves the right to reject the Cost Schedule for Sewer Construction Process on projects in which cost schedule values cannot be reasonably pre-determined.

In addition, project proponents must provide notice of prevailing wage requirement under the provisions of the California Labor Code Chapter 1, Section 1720, Part 7, Division 2.

Construction Change Orders

The project proponent must notify SASD in writing prior to commencing any change order work encountered during construction. For construction change orders to be considered for reimbursement, the project proponent must meet the requirements of Section 8.1.3 of the Ordinance.

Failure to comply with any of these procedures will result in the requested change order becoming ineligible for reimbursement.

In the event of non-compliance with approved contract documents, any resulting change orders that result in increased costs to obtain compliance will not be reimbursable.

Reimbursement Payment Conditions and Methods

Upon execution of the agreement, the project proponent is eligible for trunk reimbursement credits as allowed under Section 8.1.5 of the SASD Sewer Ordinance.

1. Upon project acceptance, the project proponent can request reimbursement by submitting the following items in one reimbursement request package to SASD Development Services:
 - a. Request for reimbursement on company letterhead
 - b. Copy of Board Approved Reimbursement Agreement
 - c. Copy of CMID letter of acceptance
 - d. Copy of contractor's original bid
 - e. Copy of SASD approved change orders with copy of SASD's written approval
 - f. Copy of any SASD approved fee credit transfers
 - g. Copy of contractor's invoices and proof of payments from developer
 - h. Invoices from CMID showing trunk construction inspection costs only
2. Reimbursement of contingency costs is subject to approval by the District Engineer and must be properly documented by the project proponent.
3. For agreements specifying the public bid process, SASD will determine the reimbursement amount by multiplying the unit prices contained in the lowest responsive, responsible bid by the appropriate as-built quantities. The reimbursement amount will also include any approved change order costs, and engineering and construction staking costs as allowed under the Ordinance.

For agreements specifying the cost schedule process, SASD will determine the reimbursement amount by multiplying the unit prices shown on the Cost Schedule for Sewer Construction, or actual construction unit costs, multiplied by the appropriate as-built Quantities, whichever results in a lower total price for the work. Additional information regarding the cost schedule process is provided above. The reimbursement amount will also include any approved change order costs, and engineering and construction staking costs as allowed under the Ordinance.

4. SASD Development Services will compare the actual reimbursement amount to the maximum reimbursement amount in the agreement, and the amount of trunk reimbursement credits used. In the event the actual reimbursement amount exceeds the maximum amount in the agreement, an amended reimbursement agreement must be prepared and presented to the Board for approval. In the event trunk reimbursement credits used exceed the actual reimbursement amount, SASD will invoice the project proponent the value of the overextended credits.
5. Upon final cost reconciliation, SASD Development Services will provide a payment request letter to Finance to initiate the process for payment of any balance on the agreement to the project proponent as detailed in the SASD Sewer Ordinance.
6. For projects located in the Relief Area, reimbursement payment terms will be negotiated and specified in the agreement.
7. For projects located in the Expansion Area, reimbursement payments are processed quarterly at the end of March, June, September, and December in accordance with the SASD Sewer Ordinance. The reimbursement request package must be submitted by the last working day of the prior month to be eligible for reimbursement.

Use of Trunk Reimbursement Credits

1. Credits from trunk reimbursement agreements for projects located in the Expansion Area may only be used to pay the Developer Project Cost component of sewer impact fees due for parcels within the area served by the trunk. The reimbursement agreement includes an exhibit depicting this area.
2. The project proponent obtains a sewer impact fee quote from SASD Customer Care – Permit Services Unit.
3. In the event the project proponent desires to use credits from their trunk reimbursement agreement toward payment of sewer impact fees, the project proponent must submit the sewer impact fee quote and a written request to use credits from their reimbursement agreement to SASD Development Services.
4. If the balance on the agreement is sufficient, SASD Development Services prepares a Reimbursement Agreement Credit Transfer form for signature by the project proponent and SASD.
5. The project proponent provides the executed Reimbursement Agreement Credit Transfer form and the sewer impact fee quote to SASD Customer Care – Permit Services Unit.
6. SASD tracks the reimbursement credits used on the reimbursement agreement.

Collector Reimbursement Agreements

Collector Reimbursement Agreement Process

The following process, in addition to the requirements in the SASD Sewer Ordinance, must be followed for all collector reimbursement agreements:

1. The project proponent submits improvement plans and Application to SASD Development Services.
2. SASD reviews the improvement plans for conformance with SASD Standards and Specifications and the approved sewer study. SASD also reviews the Application for conformance with the Ordinance and verifies collector quantities for the agreement.
3. SASD staff identifies any property owners who benefit from the collector, but are not participating in the construction of the collector.
4. SASD will determine the amount of reimbursement using the lowest of at least 3 bids from licensed contractors provided by the project proponent, or the unit costs provided in the Cost Schedule for Sewer Construction, or other methods deemed appropriate by SASD. Additionally, verified engineering costs and construction inspection costs can be added to the amount of reimbursement, as approved by SASD.
5. SASD determines the proportional cost of the collector construction to be collected from each of the non-participating property owners who benefit from the collector, using methods such as frontage lengths, property areas, or other methods deemed appropriate by SASD.
6. SASD prepares the Collector Reimbursement Agreement and presents to the project proponent for review and approval.
7. SASD presents the agreement to the District Engineer for execution.
8. SASD will collect the proportional costs from property owners identified in the agreement at the time of sewer impact fee payment. SASD will then reimburse the proportional cost to the project proponent. SASD's cost for administering the agreement will be deducted from the initial reimbursement payment.
9. Full or partial reimbursement is not guaranteed within the term of the agreement, and will only occur when proportional costs are collected from owners of properties identified in the agreement.

If you have questions regarding trunk reimbursement agreements please contact SASD Development Services at sasddevservices@sacsewer.com. If you have questions regarding collector reimbursement agreements, please contact SASD Development Services at sasdplanchek@sacsewer.com or (916) 876-PLAN.