July 1, 2008

RE: Addendum No. 1-Developers Handbook 2004
Section 4 Utility Policy-Water/Sewer Rates

This will replace Ordinance number 010-05 with Ordinance number 013-08.
ORDINANCE NO. 013-08

AN ORDINANCE OF THE CITY OF PORT ORCHARD, WASHINGTON, REGARDING WATER RATES AND CONNECTION CHARGES; SEWER INSPECTION FEES; AND AMENDING PORT ORCHARD MUNICIPAL CODE CHAPTER 13.04

WHEREAS, the Port Orchard City Council last revised water rates in December 1999 and last revised the water connection fee in May 2003; and

WHEREAS, the City of Port Orchard retained a consultant to evaluate water rates and connection fees to determine whether the rates and charges are sufficient to fund the City’s water system including ongoing maintenance and operations, as well as the capital improvements set forth in the City’s current six year Capital Improvement Plan that is a part of the latest adopted Comprehensive Water System Plan; and

WHEREAS, the City’s consultant has recommended an increase in water rates and water connection fees to meet the Washington State Department of Health’s financial viability test for the water system to develop an operating budget that demonstrates sufficient revenues to meet all operating expenses; and

WHEREAS, the City Council desires that increases to existing rate payers should be kept to reasonable levels, and that the costs associated with future growth should be paid by that growth and not by existing rate payers; and

WHEREAS, the adoption of this ordinance setting water rates and connection fees is consistent with the City’s Comprehensive Plan and with the goals and policies of the Growth Management Act; now, therefore,

THE CITY COUNCIL OF THE CITY OF PORT ORCHARD, WASHINGTON, DO ORDAIN AS FOLLOWS:

SECTION 1. Effective Date. This ordinance shall be effective July 1, 2008.

SECTION 2. Port Orchard Municipal Code 13.04.010 is hereby amended to read as follows:

13.04.010 Bimonthly water rates.
Water rates are billed on a bimonthly schedule. The water rates, as calculated bimonthly, are shown below:

(1) Cost for the first 5,000 gallons, bimonthly.

<table>
<thead>
<tr>
<th>Size of Service</th>
<th>Bimonthly Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/4&quot;</td>
<td>$19.00</td>
</tr>
</tbody>
</table>
(2) Consumption Charge

<table>
<thead>
<tr>
<th>RATE</th>
<th>Gallons Range</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>RATE 1</td>
<td>0 to 3,000 gallons</td>
<td>$15.00</td>
</tr>
<tr>
<td>RATE 2</td>
<td>3,001 to 5,000 gallons</td>
<td>$19.00</td>
</tr>
<tr>
<td>RATE 3</td>
<td>5,001 – 30,000 gallons</td>
<td>Rate 2 plus $2.10/1,000 gal</td>
</tr>
<tr>
<td>RATE 4</td>
<td>30,001 – 50,000 gallons</td>
<td>Rate 2 plus Rate 3 plus $2.20/1,000 gal</td>
</tr>
<tr>
<td>RATE 5</td>
<td>50,001 – 100,000 gallons</td>
<td>Rate 2 plus Rate 3 plus Rate 4 plus $2.30/1,000 gal</td>
</tr>
<tr>
<td>RATE 6</td>
<td>100,001 – 150,000 gallons</td>
<td>Rate 2 plus Rate 3 plus Rate 4 plus Rate 5 plus $2.40/1,000 gal</td>
</tr>
<tr>
<td>RATE 7</td>
<td>In excess of 150,000 gallons</td>
<td>Rate 2 plus Rate 3 plus Rate 4 plus Rate 5 plus Rate 6 plus $2.50/1,000 gal</td>
</tr>
</tbody>
</table>

(3) Fire Hydrant Service.

- Schools: $12.00 per hydrant
- Private Service: $22.00 per hydrant

(4) Temporary Construction.

- One-Day Service: $2.20/1,000 gallons or $19.00 whichever is greater

- Construction Account:
  - 0 – 50,000 gallons: $2.20/1,000 gallons
  - 50,001 – 100,000 gallons: $2.30/1,000 gallons
  - 100,001 – 150,000 gallons: $2.40/1,000 gallons
  - In excess of 150,000 gallons: $2.50/1,000 gallons

- As metered:
(5) Multiple Connections. Multiple connections are where more than one customer is being served through a master meter and the billing is based on the flow through such master meter. The minimum bimonthly billing is determined by the number of customers multiplied by a rate of $19.00. The consumption charge will be computed by subtracting the amount equal to the number of customers multiplied by 5,000 gallons from the total gallons consumed. The rate of the consumption above 5,000 gallons will be $2.10 per 1,000 gallons up to 30,000 gallons, $2.20 per 1,000 gallons from 30,001 to 50,000 gallons, $2.30 per 1,000 gallons from 50,001 to 100,000 gallons, $2.40 per 1,000 gallons from 100,001 to 150,000 gallons and $2.50 per 1,000 gallons in excess of 150,000 gallons.

(6) Properties Outside City Limits. Properties served outside the city limits shall have a 50 percent surcharge on the monthly rate.

(7) Hydrant Meter Rentals. All persons renting a hydrant meter shall pay a refundable deposit. The following rental fees shall apply to all persons renting a hydrant meter: the first 60 days, no charge; the next 120 days, $250 for each 30 day period; in excess of 180 days, $500 for each 30 day period.

SECTION 3. Port Orchard Municipal Code 13.04.030 is hereby amended to read as follows:

13.04.030 Water Capital Facility Charge.

(1) The water capital facility charge is designed to mitigate the impact of new demands on the existing water system and to require new users to pay their fair share of the value of the water system, including, but not limited to, water supply, treatment, transmission, storage and distribution facilities. The water capital facility charge applies to new construction, changes in use, and building modifications which increase the total number of equivalent residential units (ERUs). An ERU is 180 gallons per day for nonresidential connections. Prior to connecting to the city's water system, the property owner shall pay, in addition to other applicable charges, the applicable water capital facility charge.

(a) The water capital facility charge for a residential connection is $4,500 per ERU. An ERU for this purpose shall be computed based on the water meter size and shall be calculated according to the average flow factor of a displacement type meter where a three quarter inch meter shall have a flow factor equal to one ERU. An ERU for residential connections is one single-family dwelling unit, whether detached or attached and configured as an apartment unit, condominium unit, townhouse unit, or any other configuration.

(b) The water capital facility charge for a nonresidential connection shall be calculated based on meter size as set forth below:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Capital Facility Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>¾”</td>
<td>$4,500</td>
</tr>
<tr>
<td>1”</td>
<td>$7,505</td>
</tr>
<tr>
<td>1-1/2”</td>
<td>$14,965</td>
</tr>
<tr>
<td>2”</td>
<td>$23,953</td>
</tr>
<tr>
<td>3”</td>
<td>$47,906</td>
</tr>
</tbody>
</table>
(2) If, after connection of a non-residential service, the actual water usage has increased or the property use expanded so that there is a greater number of ERUs being used on the property, than for which the water capital facility charge was paid, the property owner shall pay to the city an additional water capital facility charge based upon the new or expanded use. The additional water capital facility charge shall be based upon the charge rate in effect at the time the increase use is requested and/or detected, whichever first occurs.

(3) Water capital facility charge — exception. The following exception applies to the assessment of the water capital facility charge. All four elements of the below listed requirements must be present to qualify for the exception:

(i) A non-residential account paid the water capital facility charge at the time the property connected to the city’s water system;

(ii) Sometime after the original connection, the property owner decides to construct a new building, change the original use, or modify the original building;

(iii) After the building improvements are completed, the total water usage for the non-residential account will be equal to or less than the usage of the time of the original connection; and

(iv) The new construction, change in use, or building modification has not resulted in an additional direct connection to the city’s water system or the establishment of an additional water account.

(4) A credit against the water capital facility charge may be applied for those property owners that paid their assessments in full through a local improvement district formed by the city where such local improvement district is formed to finance the construction of any of the improvements that are a basis for calculating the value of the water capital facility charge. The credit shall be equal to that portion of the property owner’s principal assessment, not including interest and penalties, which is directly applicable to the construction of the improvements that are a basis for calculating the value of the capital facility charge. The credit shall be applied at the time of payment of the water capital facility charge and shall not be used to reduce any assessments in the local improvement district.

(5) A credit against the water capital facility charge may be applied for those property owners that construct at their own expense any of the improvements that are a basis for calculating the value of the water capital facility charge or for those property owners that pay a latecomer’s fee toward those same improvements. The credit shall be the smaller of the following:

(i) That portion of the design and construction costs of the latecomer’s agreement that are directly applicable to the construction of the improvements that are a basis for the value of the water capital facility charge; or

(ii) That proportionate amount of the water capital facility charge that is attributable to the water facilities either constructed by the property owner or paid through a latecomer’s fee.
(6) The above provisions notwithstanding, the amount of any credit shall not exceed the amount of the water capital facility charge for the property to which the credit is being applied.

(7) At the time the water capital facility charge is paid, an inspection fee shall be paid. The inspection fee is $100 per lateral connection to the main.

(8) All materials shall comply with the requirements of the city. If the city supplies any materials, the cost of these plus overhead and sales tax will be paid by the customer or property owner.

(9) If a property owner requests a credit or exemption as described above, the Director of Public Works shall make an administrative determination regarding the applicability and amount of the credit or exemption. The Director’s decision may be appealed to the Hearing Examiner.

(10) The exceptions and credits described above shall not apply to any costs of construction incurred or payments made to the City for improvements that are a basis for the value of the capital facility charge and that were made 15 years or more prior to the date the property owner requests the exception or credit.

SECTION 4. Port Orchard Municipal Code Chapter 13.04 is hereby amended by adding a new section to read as follows:

13.040.033 Connection fees.

(1) Connection fees are designed to reimburse the utility for the cost required to connect the new service to the water main. The labor installation fee is a flat fee plus sales tax based on the size of the water meter for service lines less than 25 feet. Installed by city employees:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/4&quot;</td>
<td>$1,000 + cost of meter and associated materials</td>
</tr>
<tr>
<td>1&quot;</td>
<td>$1,200 + cost of meter and associated materials</td>
</tr>
<tr>
<td>1 – 1/2&quot;</td>
<td>$1,500 + cost of meter and associated materials</td>
</tr>
<tr>
<td>2&quot;</td>
<td>$2,000 + cost of meter and associated materials</td>
</tr>
<tr>
<td>Larger meters</td>
<td>Estimated on a case-by-case basis</td>
</tr>
</tbody>
</table>

(2) If the water service line exceeds 25 feet, or if the proposed construction is unusually difficult, the connection fee will be based on an estimate completed by the city for the required labor and material.

(3) If the service is connected by other than city employees, the inspection fee of $100.00 per meter will be charged. All materials shall comply with the requirements of the city. If the city supplies any materials, the cost of these, plus overhead and sales tax, will be paid by the customer. If the installation is satisfactory, the city shall set the meter if it is one inch or less in size. Larger meters shall be installed by the contractor.

(4) All new construction, residential and commercial, on property which is located within 200 feet of a water main of the city shall be required to extend the
water to and across the entire frontage of their property and connect to the city water system prior to the occupancy of the building. No new wells except municipal wells shall be constructed and no expansions of existing wells, except municipal wells, shall be permitted on properties that can be served, within 200 feet of a water main of the city, or are now served by the city water system.

**SECTION 5.** Port Orchard Municipal Code Chapter 13.04 is hereby amended by adding a new section to read as follows:

13.04.035 Water main fees in lieu of assessment.

1. Where all or a portion of the premises to be served has not been previously assessed or contributed its share towards the cost of installing a permanent main to serve such premises, or the property does not abut a water main, water service shall be provided upon payment of a water main fee as provided for in this section, in addition to the water capital facility charge set forth in POMC 13.04.030 and the connection fee set forth in POMC 13.04.033.

2. The water main fee shall be based on the frontage of the property served, as determined by the Public Works Director. Properties situated on corner lots abutting utility mains on two sides shall have the front footage charge computed by averaging the two sides. The fee shall be $100 per front foot.

3. Water main fees in lieu of assessment shall be charged on new accounts unless exempted as explained below:

   a. The property has previously paid its share of a local water main as part of a water local improvement district and there are records to verify this;

   b. The property has extended the local water main as required by the city and paid all costs associated with the extension;

   c. The property has paid its equitable share of the cost of a previously installed local water main pursuant to a late corner's agreement; or

   d. The agreement for purchase and sale of assets of McCormick Water Company, Inc., waives the city fee in lieu of assessment for water services. These are the services within McCormick Woods, Campus Station and McCormick 620.

4. If a property owner requests an exemption as described above, the Director of Public Works shall make an administrative determination regarding the applicability and amount of the exemption. The Director's decision may be appealed to the Hearing Examiner.

5. The exemptions described above in subsection 3(a) through (c) shall not apply to any costs of construction incurred or payments made to the City for improvements that are a basis for the value of the water main fee in lieu of assessment and that were made 15 years or more prior to the date the property owner requests the exemption.
SECTION 6. Port Orchard Municipal Code Chapter 13.04 is hereby amended by adding a new section to read as follows:

13.04.037 Extension of water to property contiguous to the city.
Property lying within the urban growth boundary and contiguous to the Port Orchard city limits shall annex to the city as a condition of water connection. In the alternative, the city may elect to defer the annexation and require the owner to execute a utility extension agreement as described in POMC 13.04.040(11).

SECTION 7. Port Orchard Municipal Code Chapter 13.04 is hereby amended by adding a new section to read as follows:

13.04.039 Payment.
All charges and fees set forth in this Chapter 13.04 shall be paid in full prior to any issuance of permits and the physical connection of the private service line to the water system.

SECTION 8. Port Orchard Municipal Code Chapter 13.04 is hereby amended by adding a new section to read as follows:

13.04.065 CPI adjustment.
(1) Commencing November 1, 2009, and on November 1st of each successive year thereafter, unless otherwise adjusted by the City Council during the previous six month period, all charges and fees set forth in this chapter, but excluding water rates, shall automatically be adjusted based upon the All Urban Consumers Price Index for the Seattle – Tacoma – Bremerton area as published by the U.S. Department of Labor, Bureau of Labor Statistics for the prior June.
(2) The City Council shall review the water rates annually and shall adjust them as it deems appropriate.

SECTION 9. Port Orchard Municipal Code Section 13.04.040(8) is hereby amended to read as follows:

(1) Sewer Capital Facility Charge is designed to mitigate the impact of new demands on the existing sewer system and to require new users to pay their fair share of the value of the sanitary sewer system. The Sewer Capital Facilities Charge applies to new construction, changes in use, and building modifications that increase the total number of equivalent residential units (ERU’s). An ERU is 180 gallons per day for nonresidential connections. An ERU for residential connections is one single family dwelling unit, whether detached or attached and configured as an apartment unit, condominium unit, townhouse unit or any other configuration. The ERU consumption is based upon metered water consumption or comparison to similar accounts when metered water consumption data is not readily available.
(a) Sewer Capital Facility Charge – Exception. The following exception applies to the assessment of the sewer capital facility charge. All four elements of the below-listed requirements must be present to qualify for the exception:

(i) A nonresidential account paid the sewer capital facility charge at the time the property connected to the City's sewer system;
(ii) Some time after the original connection, the property owner decides to construct a new building, change the original use, or modify the original building;
(iii) After the building improvements are completed, the total sewer usage for the nonresidential account will be equal to or less than the usage of the time of the original connection; and
(iv) The new construction, change in use, or building modification has not resulted in additional direct connection to the City's sewer system or the establishment of an additional sewer account.

(2) The Sewer Capital Facility Charge consists of two components; the General Facility Fee, and the Wastewater Treatment Facility Fee. The General Facility Fee is $2,770.00 per ERU. The Wastewater Treatment Facility Fee is $3,230.00 per ERU. Provided, however, the properties within Divisions 1 through 10, inclusively, of the McCormick Woods Land Company shall have a Wastewater Treatment Fee of $791.25 per ERU.

(3) The Sewer Capital Facility Charge shall be paid before connecting to the City Sanitary Sewer System, or before changing the use, or increasing the total ERU count above the amount for which a Sewer Capital Facility Charge has been paid. If work is to be done that requires a Sewer Capital Facility Charge, it shall be paid before a permit shall be issued.

(4) If, after connection of a nonresidential service, the actual sewer usage has increased or the property use expanded so that there is a greater number of ERU's being used on the property than for which the Sewer Capital Facility Charge was paid, the property owner shall pay to the City an additional Sewer Capital Facility Charge based upon the new or expanded use. The additional Sewer Capital Facility Charge shall be based upon the charge rate in effect at the time the increased use is requested and/or detected, whichever first occurs.

(5) A credit against the Sewer Capital Facilities Charge may be applied for those property owners that paid their assessments in full through a local improvement district formed by the City where such local improvement district is formed to finance the construction of any of the improvements that are a basis for calculating the value of the Sewer Capital Facilities Charge. The credit shall be equal to the amount of the property owner's principal assessment, not including interest and penalties. The credit shall be applied at the time of payment of the Sewer Capital Facilities Charge and shall not be used to reduce any assessments in the local improvement district.

(6) A credit against the Sewer Capital Facilities Charge may be applied for those property owners that construct at their own expense any of the improvements that are a basis for calculating the value of the Sewer Capital Facilities Charge or for
those property owners that pay a latecomer's fee toward those same improvements. The credit shall be the smaller of the following:

(a) That portion of the design and construction costs of latecomer's agreement that are directly applicable to the construction of the improvements that are a basis for the value of the Sewer Capital Facilities Charge; or

(b) That proportionate amount of the Sewer Capital Facilities Charge that is attributable to the sewer facilities either constructed by the property owner or paid through a latecomer's fee.

(7) The above provisions notwithstanding, the amount of credit shall not exceed the amount of the Sewer Capital Facilities Charge for the property to which the credit is being applied.

(8) At the time the Sewer Capital Facilities Charge is paid, an inspection fee shall be paid. The inspection fee is $100 per lateral connection to the main.

(9) All materials shall comply with the requirements of the City. If the City supplies any materials, the cost of these plus overhead and sales tax will be paid by the customer.

(10) Extension of Sewer to Property Contiguous to the City shall annex; Exception. Property lying within the urban growth boundary and contiguous to the Port Orchard City limits shall annex to the city as a condition of sewer connection. In the alternative, the City may elect to defer annexation and require the owner to execute a utility extension agreement as described in POMC 13.04.040(11).

(11) Requirement for Utility Extension Agreement.

(a) Property lying within the urban growth area which is not contiguous to the Port Orchard city limits shall be permitted water and/or sewer connection only upon entering into an appropriate agreement with the City containing a waiver of protest to annexation/limited power of attorney authorizing annexation at such time as the City determines the property should be annexed to the City. Application for extension of utilities is subject to the following provisions:

(i) Application fees as established by the City council shall be paid upon the submittal of a signed Utility Extension Agreement (UEA) requesting water and/or sewer for property outside the City, but located within the urban growth area;

(ii) The applicant will bear the entire cost of water and/or sewer connection pursuant to Ch. 13.04 EMC, as written or hereafter amended, subject to any provision in effect at the time of connection for latecomer reimbursement;

(iii) The applicant will be subject to all applicable provisions of Ch. 13.04 EMC, as written or hereafter amended, for extension of city utilities, the payment therefore, and all enforcement provision therein; and

(iv) The UEA shall not be executed prior to the time formal application is made for approval of the project for which utilities are requested. The term of said agreement shall terminate at the time any project application or approval expires or is revoked for any reason. A new agreement shall also be
required for any extension of project application or approvals or when the Director of Planning determines that a substantial change or addition has been made to the project.

(b) The City may disconnect the utilities for failure of the applicant or his/her successor's or assigns for violation of Ch. 13.04 EMC; or for violation of the terms and conditions of the UEA.

(c) Following execution, such agreement shall be recorded by the City Clerk in the chain of title for such property in the records of the Kitsap County Auditor.

SECTION 10. Port Orchard Municipal Code Section 13.04.050(2) is hereby amended to read as follows:

(1) The water and/or sewer charges shall be billed by the City Treasurer bimonthly on the last day of the bimonthly period, to the property owner. The charges and rates shall be due to the Treasurer, who is authorized and empowered to collect and receipt for such payments, on the first day of the months following the receipt of services.

(2) Charges remaining unpaid 25 days after the due date shall be considered delinquent and shall be subject to an additional charge of 10 percent of the unpaid balance as a penalty.

(3) When a water and/or sewer bill shall become delinquent and a city employee must go to the premise during normal working hours for the purpose of hanging a written notice on the door, there shall be a $10.00 charge added to the account.

(4) If the delinquent water and/or sewer charges remain unpaid over a period of 30 days after the due and payable date, service will be discontinued by turnoff. Service will not resume thereafter until the delinquent charges and penalties, together with a turnoff fee, have been paid in full. The turnoff fee shall be $20.00, unless the same account should become delinquent during a 12-month period. On a second occurrence, the turnoff fee shall be $30.00. On the third occurrence and each subsequent occurrence, the turnoff fee shall be $40.00.

(5) Where both water and sewer delinquent charges are involved, the customer shall not be billed double penalties.

SECTION 11. Savings Clause. Those sections of Port Orchard Municipal Code Chapter 13.04 which are amended by this ordinance shall remain in force and effect until the effective date of this ordinance.

SECTION 12. This ordinance shall be in full force and effect five (5) days after posting and publication as required by law. A summary of this Ordinance may be published in lieu of the entire ordinance, as authorized by State Law.
PASSED by the City Council of the City of Port Orchard, APPROVED by the Mayor and attested by the Clerk in authentication of such passage this 27th day of May 2008.

Lary Coppola, MAYOR

ATTEST:
Michelle Merlino, City Clerk

APPROVED AS TO FORM:
City Attorney

Sponsored by:
Rob Putaansuu, Councilmember
NOTICE OF CITY OF PORT ORCHARD
ORDINANCE

The following is a summary of an Ordinance approved by the Port Orchard City Council at their regular Council meeting held May 27, 2008.

ORDINANCE NO. 013-08

AN ORDINANCE OF THE CITY OF PORT ORCHARD, WASHINGTON, REGARDING WATER RATES AND CONNECTION CHARGES; SEWER INSPECTION FEES; AND AMENDING PORT ORCHARD MUNICIPAL CODE CHAPTER 13.04

Copies of Ordinance No. 013-08 are available for review at the office of the City Clerk of the City of Port Orchard. Upon written request a statement of the full text of the Ordinance will be mailed to any interested person without charge. Thirty days after publication, copies of Ordinance No. 013-08 will be provided at a nominal charge.

City of Port Orchard

Nicole Stephens
Office Assistant II

Publish: Port Orchard Independent
June 4, 2008