



**CITY OF KIRKLAND**  
**Department of Public Works**  
123 Fifth Avenue, Kirkland, WA 98033 425.587.3800  
www.kirklandwa.gov

---

## **MEMORANDUM**

**To:** Kurt Triplett, City Manager  
**From:** Pam Bissonnette, Interim Public Works Director  
**Date:** October 25, 2013  
**Subject:** Kingsgate Water Facilities – Annexation Agreement

### **RECOMMENDATION:**

It is recommended that City Council:

- 1) Approves the resolution authorizing the City Manager to execute the Kingsgate Annexation Agreement Regarding Water Facilities located in the Kingsgate (aka Evergreen Hills) Neighborhood; and
- 2) Approves the ordinance amending the Kirkland Municipal Code (KMC) 15.24.020 to reflect how irrigation (sprinkler) consumption charges have been historically applied.

### **BACKGROUND DISCUSSION:**

Kirkland annexed the Kingsgate Neighborhood along with Finn Hill and Juanita in 2011. For the most part, the Northshore Utility District (NUD) provides water and sanitary sewer service within the newly annexed areas of Kirkland. Water (only) for a portion of the eastern-most annexed properties is provided by the Woodinville Water District, and water (only) for a small portion of the eastern-most annexed properties is provided by the City of Redmond (Attachment A). Service of this area by Redmond is the result of the cities of Kirkland, Redmond, and Bellevue's 1997 assumption of the former Rose Hill Water District. Under this agreement Kirkland will provide water to the affected properties but NUD will continue to provide sewer service.

The 1997 Assumption Agreement established the division of Rose Hill assets and subsequent responsibilities for each of the three Cities. Additional terms of the Assumption Agreement identify that when unincorporated areas of King County, within the former Rose Hill Water District, are annexed by a City, the (water) customers within that area should be served by the City they are now in. Since the 2011 Annexation, Kirkland and Redmond staff have been working on terms of the transfer of the Kingsgate water facilities to Kirkland.

The Kingsgate Annexation Agreement contains terms of the transfer of the water facilities. Three parcels associated with this Agreement are neither within the City of Kirkland nor within the future growth boundary of the City of Redmond, and as such, service of these three properties is not addressed in the 1997 Assumption Agreement. However, because of the operational requirements to serve water to these parcels (JB Lawn, King County DNR's York Pump Station, and the Lake Washington Youth Soccer owned Muller Farm), Kirkland will be

providing them service at the same time the remaining parcels are transferred. Under the Agreement service will be transferred to the City of Kirkland on January 2, 2014.

Prior to the service transfer, Kirkland and Redmond staff will coordinate a special outreach mailing to the affected properties. Information regarding the impacts of the transfer (i.e. new billing responsibility, Kirkland maintenance activities, etc.) will be provided along with a comparison of rates for each customer that shows the differences in rates these new Kirkland customers can expect (Attachment B). Kirkland utility billing will process customer bills beginning in 2014.

All water systems are different which results in different costs and rate structures. For example, Kirkland serves a little more than half its city limits while Redmond serves virtually all customers in its city limits and a large service area outside the city (Novelty Hill). Redmond has two different rate structures with substantially higher rates that apply in the Novelty Hill area versus the incorporated City. An operational difference is that Redmond has five water tanks to deal with peaking needs while Kirkland has one. Redmond's rate structure also appears to have stronger conservation price signals built in to its residential and irrigation rates.

A good time to look at water rate structure issues is when the Water Comprehensive Plan is updated, which is expected to be complete in the next several months. At that time the rate structure can be evaluated in the context of the capital needs identified and policy issues related to conservation, fire flow, and other operating practices. Public Works will be submitting a water rate service package as part of the 2013 mid-biennial budget update.

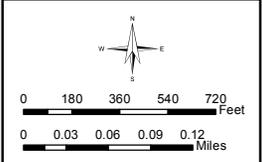
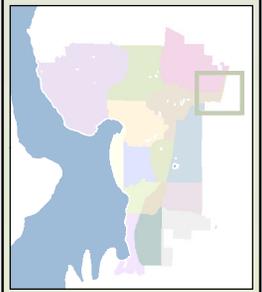
The 66 customers in the Kingsgate (water) service area include approximately 3.4 miles of pipe and appurtenances which will represent approximately two percent of Kirkland's overall service area; sanitary service will continue to be provided by Northshore. Based on the current customer base, primarily commercial and multi-family accounts, the annual revenue generated will be approximately \$100,000. The anticipated maintenance cost increase is an estimated \$36,000. Staff will continue to evaluate the overall impacts on existing resources. However this added system, combined with the 52 customers added with the Bridleview assumption in 2009, along with increased demands to complete utility upgrades ahead of the larger Street preservation program, means it is likely that additional resources may be necessary to continue to deliver the existing high service level. This evaluation is currently underway as a component of the Water Comprehensive Plan update.

The second recommended action is to make an amendment to KMC 15.24.020 regarding irrigation meter charges. Commercial customers have the option of installing water meters to separate irrigation uses from other water uses in order to avoid sewer charges for water that does not enter the sewer system. The City Council has previously determined that a separate rate should be charged for irrigation (sprinkler) water usage. Consistent with the City's longstanding practice, the amendment in the attached ordinance clarifies that only usage charges, and not basic charges, apply to irrigation meters. Staff recommends this housekeeping clarification in the Code which removes the superseded 2012 rates.

Attachment A: Vicinity Map  
Attachment B: Water Rate Comparison

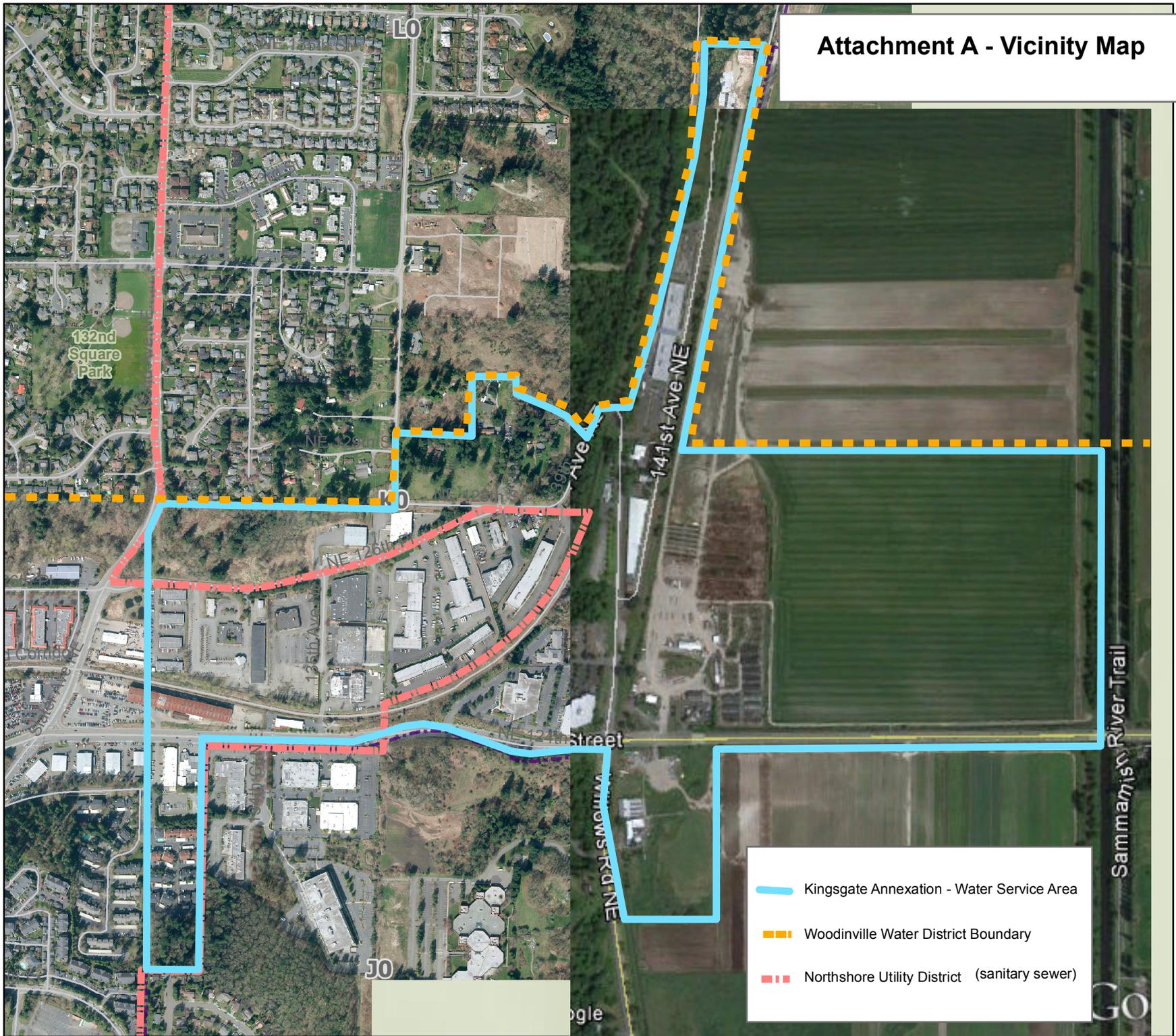
# Kingsgate Annexation Water Service Transfer Area

## Attachment A - Vicinity Map



Produced by the City of Kirkland.  
© 2013, the City of Kirkland, all rights reserved. No warranties of any sort, including but not limited to accuracy, fitness or merchantability, accompany this product.

Author:  
Name: Kingsgate Annexation Area revised  
Date Saved: 10/30/2013 7:22:24 AM



- Kingsgate Annexation - Water Service Area
- Woodinville Water District Boundary
- Northshore Utility District (sanitary sewer)



RESOLUTION R-5011

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND AUTHORIZING THE CITY MANAGER TO SIGN THE INTERLOCAL KINGSGATE ANNEXATION AGREEMENT REGARDING WATER FACILITIES BETWEEN THE CITIES OF KIRKLAND AND REDMOND.

WHEREAS, the City of Kirkland has annexed the Kingsgate Annexation area; and

WHEREAS, in 1997, the cities of Kirkland, Redmond, and Bellevue (the "Cities") entered into an Interlocal Operation and Maintenance Agreement by which the Cities allocated the assets, liabilities and operations of the Rose Hill Water District, a former municipal corporation in King County Washington; and

WHEREAS, Section 2 of the 1997 Agreement assigned the service areas to the Cities and provides that any unincorporated area which is subsequently annexed into a city shall remain in or be transferred to the service area of the annexing city; and

WHEREAS, Section 14 of the 1997 Agreement provides that the Cities may agree to adjust the use or ownership of the joint facilities identified in the 1997 Agreement; and

WHEREAS, the cities of Kirkland and Redmond wish to transfer the ownership of Redmond's distribution facilities within the Kingsgate Annexation Area to Kirkland; and

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The City Manager is authorized to execute the Interlocal Kingsgate Annexation Agreement Regarding Water Facilities," substantially similar to the document attached as Attachment A.

Passed by majority vote of the Kirkland City Council in open meeting this \_\_\_\_day of \_\_\_\_\_, 2013.

Signed in authentication thereof this \_\_\_\_day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
City Clerk

## **KINGSGATE ANNEXATION AGREEMENT REGARDING WATER FACILITIES**

This Kingsgate Annexation Agreement Regarding Water Facilities (“Agreement”) is made by and between the cities of Kirkland (“Kirkland”), and Redmond (“Redmond”), municipal corporations in King County, Washington.

### RECITALS

- A. The cities of Kirkland, Redmond, and Bellevue previously entered into an Assumption Agreement whereby the cities assumed the assets, liabilities and operations of the Rose Hill Water District, a former municipal corporation in King County, Washington.
- B. Related to that, the cities of Kirkland, Redmond, and Bellevue previously entered into an Interlocal Operation and Maintenance Agreement dated October 9, 1997 (the “1997 Agreement”) and amended in 2005.
- C. Section 2 of the 1997 Agreement assigned the assumed service areas to the three cities and provided that any unincorporated area which is subsequently annexed into a city shall remain in or be transferred to the service area of the annexing City.
- D. The City of Kirkland has annexed the Kingsgate Annexation area.
- E. The 1997 Agreement is silent on the process and mechanism to transfer the Kingsgate Annexation service area and its associated water facilities between the cities.
- F. Section 14 of the 1997 Agreement provides that the cities may agree to adjust the use and/or ownership of the joint facilities identified in the 1997 Agreement either temporarily or permanently.
- G. Kirkland and Redmond wish to transfer the ownership of the water distribution facilities within the Kingsgate Annexation area and an area adjacent to the annexation area located on NE 124<sup>th</sup> Street, east of Willows Road;

NOW, THEREFORE, in consideration of the terms and conditions contained herein, the parties agree as follows:

- 1. Redmond agrees to transfer ownership of the water distribution facilities within the Kingsgate Annexation area consisting of approximately 24,000 feet of water mains, fire hydrants, water meters and other appurtenances. In addition, Redmond agrees to transfer ownership of the water distribution facilities to the area east of the annexation area along NE 124<sup>th</sup> Street, but physically connected to the annexation area water system. See Exhibit A.

2. Kirkland agrees that all assets transferred by Redmond to Kirkland under this Agreement are transferred “as is, where is” without warranty of any kind. Kirkland agrees that Redmond is not responsible for any defects in the assets transferred under this Agreement and that all responsibility for maintenance, repair, or correction of any defects in said assets shall be the sole responsibility of Kirkland upon transfer of the assets.
3. Kirkland agrees to continue to provide water supply to the Redmond water mains lying easterly of the joint use main in 132<sup>nd</sup> Ave NE through these transferred pipes, and all future replacements thereof, after the transfer of assets by Redmond.
4. Kirkland and Redmond agree that Kirkland’s ownership of the water mains in NE 124<sup>th</sup> Street shall extend to the southern right-of-way line along NE 124<sup>th</sup> Street. It is further agreed the ownership of the water mains along the boundary line south of NE 124<sup>th</sup> Street shall be at the City Limits line with Kirkland on the west and Redmond on the east.
5. Kirkland and Redmond administrative staff shall coordinate the transfer of the assets and customers. Redmond shall do a final reading of the transferred customers’ meters no later than January 2, 2014, and Kirkland shall concurrently do a beginning read of the transferred customers’ meters. Redmond shall provide a bill of sale for the distribution assets that are transferred. The Facilities will be transferred to Kirkland on January 2, 2014.
6. Kirkland agrees to assist Redmond with the collection process for any transferred account that fails to pay their final bill from Redmond. Kirkland will provide water termination service that will remain in effect until Redmond has been paid the amount of the final bill.
7. Redmond agrees that any capital charges related to water distribution collected by Redmond from new development/redevelopment in this area from January 1, 2013, through December 31, 2013, shall be conveyed to Kirkland by February 1, 2014.
8. Severability. The invalidity of any clause, sentence, paragraph, subdivision, section or portion of this Agreement shall not affect the validity of the remainder of this Agreement.
9. This Agreement shall take effect upon signature by each City. Except as expressly modified by this Agreement, all terms and conditions of the 1997 Agreement and 2005 Amendment shall remain in full force and effect.

EXECUTED by the parties on the dates set forth below.

CITY OF KIRKLAND

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated: \_\_\_\_\_

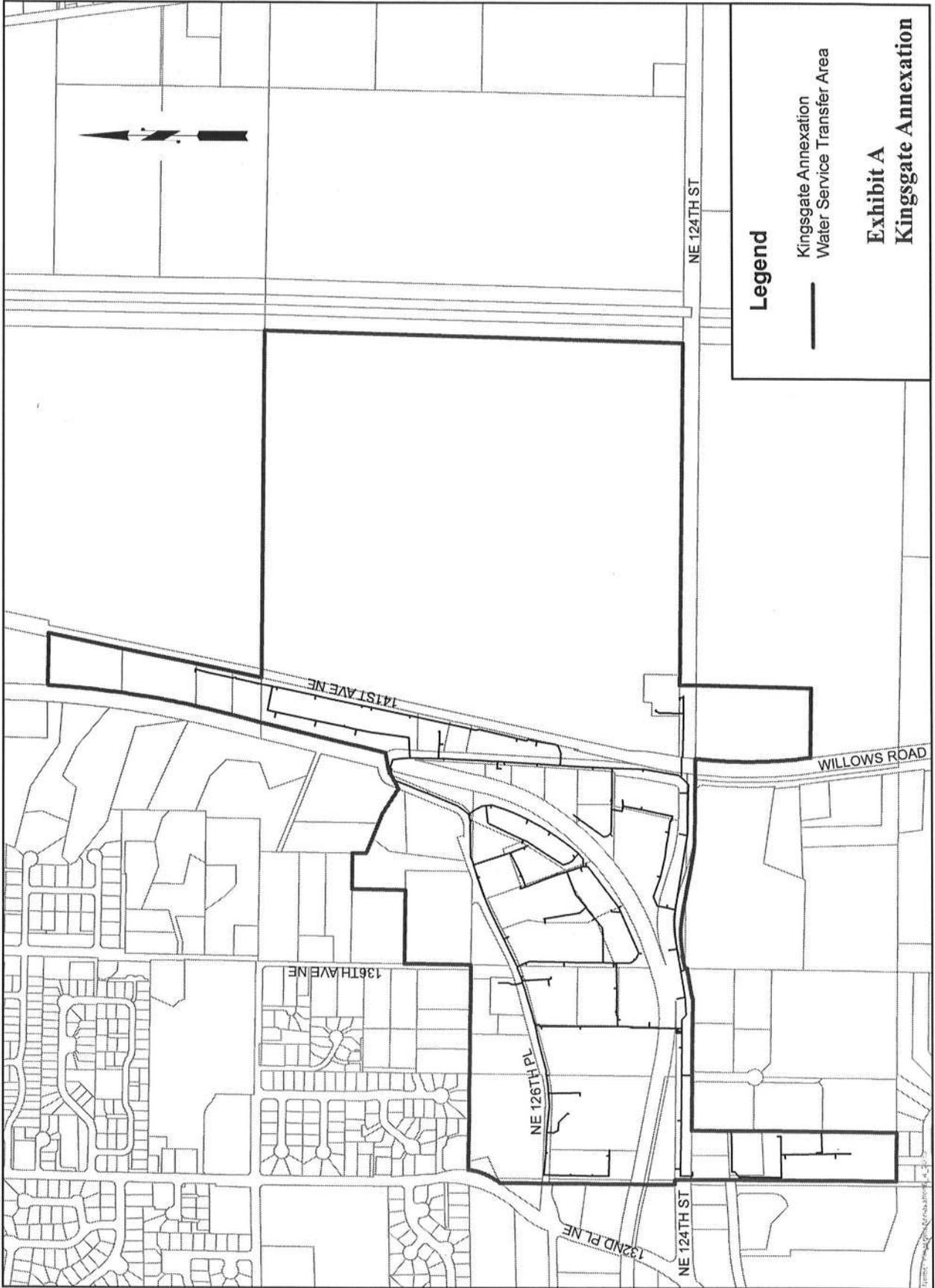
By: \_\_\_\_\_  
Kirkland City Attorney      Date

CITY OF REDMOND

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Redmond City Attorney      Date



**Legend**

- Kingsgate Annexation
- - - Water Service Transfer Area

**Exhibit A**  
**Kingsgate Annexation**

ORDINANCE O-4424

AN ORDINANCE OF THE CITY OF KIRKLAND AMENDING KIRKLAND MUNICIPAL CODE 15.24.020, THE MONTHLY WATER RATES TABLE, TO CLARIFY THAT BASIC CHARGES ARE NOT APPLIED TO IRRIGATION WATER USAGE.

WHEREAS, City of Kirkland commercial and multifamily residential water customers have the option of installing a water meter to separate irrigation uses from other water uses in order to avoid sewer charges for water that does not enter the sewer system; and

WHEREAS, the City Council has previously determined that a separate rate should be charged for irrigation water usage; and

WHEREAS, there is a need to clarify that basic charges are not applied to irrigation water usage;

NOW, THEREFORE, the City Council of the City of Kirkland do ordain as follows:

Section 1. Table 15.24.020 of the Kirkland Municipal Code is amended to read as follows:

**15.24.020 Monthly water rates.**

The monthly water charge required to be paid to the city by customers of the water system is established in Table 15.24.020.

**Table ~~15.24.020 Effective 2012)~~**

<b>Customer Class</b>	<b>Rate</b>
a. Single-family residential	
(1) Basic charge (includes 200 cubic feet of water consumed)	\$16.76
PLUS	
(2) Water consumption charge — 201 cubic feet to 1,200 cubic feet	\$4.02 per 100 cubic feet
PLUS	
(3) Water consumption charge — over 1,200 cubic feet	\$5.27 per 100 cubic feet

b. ~~All other customers, including commercial and multifamily residential~~

	Meter Size (inches)	Rate
(1) Basic charge per size of meter	5/8 x 3/4	\$14.96
	1	\$25.72
	1-1/2	\$40.87
	2	\$65.56
	3	\$186.21
	4	\$257.21
	5	\$332.57
	6	\$440.32
	8	\$655.85
PLUS		
(2) Water consumption charge	\$4.52 per 100 cubic feet of water consumed	
PLUS		
(3) Sprinkler consumption charge	\$5.35 per 100 cubic feet of water consumed	

**Table 15.24.020 (Effective 2013)\***

Customer Class	Rate
a. Single-family residential	
(1) Basic charge (includes 200 cubic feet of water consumed)	\$17.32
PLUS	
(2) Water consumption charge – 201 cubic feet to 1,200 cubic feet	\$4.16 per 100 cubic feet
PLUS	

(3) Water consumption charge – over \$5.45 per 100 cubic feet 1,200 cubic feet

b. All other customers, including commercial and multifamily residential

	Meter Size (inches)	Rate
(1) Basic charge per size of meter	5/8 x 3/4	\$15.46
	1	\$26.59
	1-1/2	\$42.25
	2	\$67.77
	3	\$192.49
	4	\$265.88
	5	\$343.78
	6	\$455.16
	8	\$677.95

PLUS

(2) Water consumption charge \$4.67 per 100 cubic feet of water consumed

PLUS-For customers with separate irrigation meters

(3) Sprinkler consumption charge \$5.53 per 100 cubic feet of water consumed

\* Code reviser’s note: Section 2 of Ordinance 4373 provides, “The monthly service and consumption rates for water customers established in this ordinance shall go into effect and become the rates to be charged as of December 1, 2012, provided, however, that the monthly rates for water customers billed on the City of Kirkland billing cycles number 2, number 4, and number 5 shall go into effect January 1, 2013.”

**Table 15.24.020 (Effective 2014)\***

Customer Class	Rate
a. Single-family residential	
(1) Basic charge (includes 200 cubic feet of water consumed)	\$18.16

PLUS

(2) Water consumption charge – 201 cubic feet to 1,200 cubic feet \$4.36 per 100 cubic feet

PLUS

(3) Water consumption charge – over 1,200 cubic feet \$5.72 per 100 cubic feet

b. All other customers, including commercial and multifamily residential

	Meter Size (inches)	Rate
(1) Basic charge per size of meter	5/8 x 3/4	\$16.21
	1	\$27.88
	1-1/2	\$44.31
	2	\$71.07
	3	\$201.86
	4	\$278.83
	5	\$360.52
	6	\$477.33
	8	\$710.97

PLUS

(2) Water consumption charge \$4.90 per 100 cubic feet of water consumed

PLUS-For customers with separate irrigation meters

(3) Sprinkler consumption charge \$5.80 per 100 cubic feet of water consumed

\* Code reviser's note: Section 2 of Ordinance 4373 provides, "The monthly service and consumption rates for water customers established in this ordinance shall go into effect and become the rates to be charged as of December 1, 2013, provided, however, that the monthly rates for water customers billed on the City of Kirkland billing cycles number 2, number 4, and number 5 shall go into effect January 1, 2014."

Section 2. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication

pursuant to Section 1.08.017, Kirkland Municipal Code in the summary form attached to the original of this ordinance and by this reference approved by the City Council.

Passed by majority vote of the Kirkland City Council in open meeting this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

Signed in authentication thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
City Clerk

Approved as to Form:

\_\_\_\_\_  
City Attorney

PUBLICATION SUMMARY  
OF ORDINANCE O-4424

AN ORDINANCE OF THE CITY OF KIRKLAND AMENDING KIRKLAND MUNICIPAL CODE 15.24.020, THE MONTHLY WATER RATES TABLE, TO CLARIFY THAT BASIC CHARGES ARE NOT APPLIED TO IRRIGATION WATER USAGE.

SECTION 1. Amends the Table in Kirkland Municipal Code Section 15.24.020 clarifying that the the basic charges are not applied to irrigation water usage.

SECTION 2. Authorizes publication of the ordinance by summary, which summary is approved by the City Council pursuant to Section 1.08.017 Kirkland Municipal Code and establishes the effective date as five days after publication of summary.

The full text of this Ordinance will be mailed without charge to any person upon request made to the City Clerk for the City of Kirkland. The Ordinance was passed by the Kirkland City Council at its meeting on the \_\_\_\_\_ day of \_\_\_\_\_, 2013.

I certify that the foregoing is a summary of Ordinance \_\_\_\_\_ approved by the Kirkland City Council for summary publication.

\_\_\_\_\_  
City Clerk