



CITY OF KIRKLAND

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MEMORANDUM

To: Dave Ramsay, City Manager

From: Daryl Grigsby, Public Works Director
Tracey Dunlap, Finance Director

Date: October 23, 2006

Subject: 2007-08 Utility Rates and Fees

RECOMMENDATION:

1. It is recommended that the City Council authorize the proposed 2007-08 Rates for the Water Utility and the Sewer Utility of the City of Kirkland and adopt the attached Ordinances establishing those rates.
2. Amend Kirkland Municipal Code section 15.14.050 Fees for special services rendered to add or update fees for the following special services: after hours turn on, alternate billings, cut lock fees and door tags notices for water shut-off.

I. Utility Rates

BACKGROUND AND DISCUSSION:

The recommended Water Rate increase is 9.5% in 2007 and 9.5% in 2008. The recommended Sewer Rate increase is 7% in 2007 and 6% in 2008. There is no proposed change for the Surface Water Utility. The Solid Waste rate increase of 4% for 2007 was adopted by Council by Ordinance on October 17, 2006. All the utility rate recommendations were reviewed by the Finance Committee during their meetings of September 19 and October 9. The Finance Committee directed staff to develop a two-year rate for both the Water Utility and the Sewer Utility. They recommended one year for the Solid Waste Utility given possible King County approval of an increased landfill tipping fee in 2008. In addition, the Sewer rate increases recommended here are less than those reviewed and approved by the Finance Committee. Since the October 9th meeting and now, further analysis demonstrated our actual 2006 wastewater utility revenues to be higher than anticipated. Therefore, the rate increase necessary to meet our fiscal requirements in 07-08 is smaller than discussed with the Finance Committee. The Facility Charge Fee discussion below is noted to inform Council of a change in methodology, and only requires Council direction to staff to pursue administratively.

A. Water Rates

The current typical single family rate is \$27.35 per month for water service. Staff and our consultants have worked over the last several weeks to refine the revenue requirements and expense history to develop the most affordable rate possible given increased needs. As a result of our analysis, we are recommending a water rate increase of 9.5% in 2007 and another 9.5% in 2008. This proposal would result in a 2007 single-family rate of \$29.95, \$2.60 per

month over the current \$27.35. In 2008 the monthly rate would be \$32.80 per month, \$2.85 over the 2007 rate, a total increase over the two years of \$5.45. Listed below are the primary drivers for the proposal.

The current monthly residential rate of \$27.35 per month includes revenue for the construction, maintenance and operation of the water distribution system within the city of Kirkland. It also includes revenue to fund water delivered to us through our membership in the Cascade Water Alliance. Unlike cities like Renton, Issaquah, and others, we have no local sources like wells, groundwater, and surface rivers providing potable water. We instead are completely reliant on water delivered to us from a water purveyor. Through our membership and voting privileges in the Cascade Water Alliance, we have control over future water deliveries to our citizens. Unlike our former status as a customer of the City of Seattle, where we had no decision-making authority or any guarantees for long-term, reliable and affordable water, the Cascade Water Alliance provides Kirkland with a measure of control over the cost, reliability and quality of our future water supply. Currently 39% of the total annual expenses in the Water Utility are for services and water provided by the Cascade Water Alliance. 90% of the total payments to Cascade Water Alliance are for the purchase of drinking water supply.

During the past several months the city hired FCS, our regular rate consultant, to review the Financial Policies for the Water and Sewer Utility. The Financial Policies were originally developed in the Final Summary Report: City of Kirkland Utilities Capital Financing and Reserve Analysis. This analysis was completed in 1998 and provides the framework for the current reserve fund target balances and recommendations relative to rate equity, use of debt and other key elements of the current Utility Fund structure. This most recent analysis confirmed the types of reserves and the target balances for those reserves. It also confirmed the method for funding capital projects from capital facility charges (growth paying for growth) and the 'pay as you go' method of transferring an annual amount to capital projects based on annual system depreciation. Specifically, FCS provided the City of Kirkland with a report titled 'Revenue Requirements and CFCs' dated October 4, 2006. In that report they confirmed the Fiscal Policies relative to five separate instruments as noted below:

- Working Capital (WCR) - Maintain fund balance of 45-60 days of O & M (generally 12%)
- Operating Capital Reserve (OCR) - Maintain fund balance of 12%-15% operating costs (higher for water to address Cascade fixed rate structure)
- Capital Contingency (CCR) - Maintain balance of 10% of 6-year CIP
- System Reinvestment - Fund from rates an amount at least equal to annual depreciation expense
- Debt Service Coverage - Maintain net revenues at least 1.5 times total debt service, excluding CFC revenues

The consultant confirmed that our minimum balances are in line with industry standards, that the utility has maintained adequate balances over the time period, and that the recommended rates sustain the necessary balances and coverages in the above funding sources. Further information will be provided at the November 8 Council meeting regarding the positive impacts of the fiscal policies and system reinvestment.

The Fiscal Policies are intended to provide capital and operating funding to successfully manage the water infrastructure. Specifically, 7.7% (13 miles) of the water pipeline infrastructure is over sixty years old. In addition, a total of 11.7% (19.6 miles) of the water pipe system is over fifty years old. Age does not automatically imply the need for replacement, for soil conditions, initial construction capabilities, and pipe type also factor in deterioration, we do look much closer at pipelines over sixty years old as candidates for replacement.

Finally, the Water Utility relies on labor, supplies, materials, services, IT support, fuel and other factors to complete its mission of delivering reliable clean water to our citizens. In 2006 and projected throughout the next two years, the costs of all these elements will increase. In some cases the increase has been consistent with inflation; in others, the increase has actually outstripped annual inflation. As a result, many services within the Base Budget for the Water Utility are anticipated to increase in the 2007-08 time period. Specifically, benefits, utility billing costs, IT charges

and other costs will increase at varying percentages. In addition, the Water Utility must comply with a new water quality monitoring program mandated by the Environmental Protection Agency (EPA). The Stage 2 Disinfection Byproducts Rule Initial Distribution System Evaluation Standard Monitoring Plan requires local utilities to monitor chlorine residuals in the drinking water supply. This new program will be done by existing city staff but lab analysis and reporting require additional funding. It should be noted Kirkland was the second jurisdiction in the state to receive EPA approval for a monitoring plan.

Of the overall rate increase, 47% is a result of Cascade Water Alliance rates, 38% from increases in the Operating program, and 15% from adherence to the Fiscal Policies.

Given the above increases in costs, staff has worked hard to develop productivity improvements, increase efficiencies and implement cost savings. Specifically, over the last year city staff worked with Water District #1 to purchase water rights for use in shoreline park irrigation. This will, in the long run, reduce overall system demand. In addition, staff from Water Operations, Development Services and Utility Billing are currently working on procedures to streamline and improve the meter transaction process during home demolitions. This is anticipated to save money and time for the City and the homeowner/developer. In addition, in 2007 staff developed improvements to the meter reading system to eliminate steps and improve route scheduling.

The three primary drivers above, Cascade Water Alliance rates, compliance with fiscal policies, and increasing cost of labor, benefits, services and supplies, result in a recommended Water Utility rate increase in 2007 of 9.5% over the current single family rate of \$27.35. This 9.5% increase applies uniformly to single-family, multi-family and commercial accounts. The Finance Committee requested that staff look at a two-year rate, and that additional review of expenditures and obligations indicated a 9.5% increase in 2008.

We normally use the rate impact to a typical single-family customer to show the monthly impact to our citizens. Each billing cycle is two months, so the bills are sent out for payment every sixty days. Actual rates will vary depending on the size of the account and the amount of water used. The impact to a single-family residence is as follows:

Current typical monthly residential Water Rate \$27.35
2007 Proposed monthly Rate \$29.95 (+ 9.5%, or + \$2.60 per month)
2008 Proposed monthly Rate \$32.80 (+ 9.5%, or + \$2.85 per month)

One final note relative to the Water Utility is that Public Works staff are currently reviewing a draft Water Comprehensive Plan. This Plan outlines our water capital needs over the next six year period, from 2008-2013. This report increases the City's annual capital commitment to rehabilitation and replacement projects in the system. The report, however, does not factor in the proposed rate increase for 2007-08. Since the Water Capital program is currently funded from three sources, system reinvestment, Capital Facility Charges, and cash reserves. System reinvestment is a direct, rate-funded, transfer from the Operations budget equal to the annual amount of system depreciation. Facility Charges fund development's share of growth. Currently there is adequate funding in cash reserves to fund the proposed capital increases in the Water Comp Plan. The system reinvestment portion funded from rates is not being modified to accommodate the Comp Plan. There is an increase in proposed system reinvestment, but that is to fund projects already approved in the existing Water Comp Plan. The Updated Water Comprehensive Plan will come before Council in the 2nd Quarter of 2007 for a full discussion.

B. Water Capital Facility Charges

The Growth Management Act and City Council policy urge that growth pay for growth. As a result, the City of Kirkland has approved Water Capital Facility Charges whereby new Facility Charges pay for connecting to the water distribution system as well as their proportionate share of the future growth of that system. To this end, every year

we adjust the Water Capital Facility Charge. This is done administratively, after staff calculates the charge consistent with the methodology recommended by our consultant.

We are bringing this issue to Council's attention this year to note a change in calculation. Last year during discussion of the Surface Water rate, Council directed staff to develop a Capital Facilities Charge (CFC) for Surface Water. This fee recognized that development benefits from both prior investments in the surface water system, as well as contributes to the growth of that system. During review of the Surface Water CFC, the consultant determined that the methodology we used for both Water and Sewer was outdated. While still defensible, the old rate was not as accurate as the more current methodology.

The City's current capital facilities charge is calculated based on the current investment in utility capital facilities divided by the current residential customer equivalents. The approach represents a "buy-in" to existing facilities paid for by current customers and the resulting charge amount has decreased over time. The recently implemented storm water CFC used a revised method. This approach identifies the existing facilities, net of contributed plant plus interest as allowed by statute and adds it to the growth-related share of the capital improvements identified in the comprehensive plan for 20 years, and divides that total by the total customers projected for the 20-year planning period. This approach recognizes that the average cost of serving new customers increases over time. The proposed water CFC is based on this updated method.

Beginning in 2007, staff will administratively implement the new Water Facility Charge of \$2585 per RCE (3/4' or 1' meter connection). This is an increase over the current fee of \$2066. It should be noted the 2006 fee was actually lower than the 2005 fee of \$2188 per RCE. We also want the Council to be aware that beginning in 2007 the Cascade Water Alliance Regional Capital Facility Charge will be \$5297 per RCE. This is an increase over the current Cascade charge of \$4648. As you recall, the Cascade RCFC provides cash for paying off the bonds currently obligated for construction of future water facilities like a possible treatment plant at Lake Tapps and regional water pipelines to transport water from Tacoma facilities and Lake Tapps. The Cascade RCFC has already been approved by the Cascade Board of Directors and has been the subject of a prior Reading File memo to Council.

This section is for information only, so that Council may be aware of the full impact on new developments relative to Water Capital Facility Charges, and have background on both the City's fee and the Cascade RCFC.

C. Wastewater Rates

The current typical monthly sewer bill is \$42.85 per month for sewer services. 60% of this amount, or \$25.60 per month, is for King County's Metro Regional Wastewater facility costs. The remaining 40% funds the construction, operation and maintenance of the City's local wastewater collection system. Staff and our consultant reviewed expenses and revenue projections and developed rates for 2007 and 2008. We recommend a 7% rate increase in 2007, resulting in a single family monthly rate of \$45.85, a monthly increase of \$3.00. For 2008 we recommend a rate increase of 6%. Under the proposed rate the monthly sewer bill would be \$48.60 per month in 2008, or a total of \$5.75 over the current rate.

As described above, the current monthly bill of \$42.85 includes \$25.60 for our participation in the regional wastewater system. This portion of the utility bill is a pass-through, approved by the King County Council and paid by the component agencies of the wastewater system. This Metro portion of the bill funds facilities that benefit the City of Kirkland. The Eastside Interceptor which runs parallel to I-405 transports wastewater to the South Treatment Plant in Renton. The York Pump Station, located just outside our Potential Annexation Boundary in Sammamish Valley, is capable of pumping wastewater either to the South plant or to West Point in Seattle. In addition, Metro is upgrading the Juanita Pump Station on Juanita Drive, and maintains several other significant sewer collection and treatment facilities in our region. The County has implemented several programs to control costs and enhance efficiency, including a nationally-recognized Productivity Initiative, Balanced Scorecard and other innovations. There are,

however, several factors which increase their program costs. The cost of Brightwater, a new \$1.75 B secondary treatment facility in Snohomish County (with capability for reclaimed water production), increased program costs for supplies, labor, and energy, and ongoing capital replacement costs have resulted in a 9% increase in the Metro rate. This increases the current \$25.60 pass through to \$27.95 per month. It is important to note that King County Metro is proposing a 2009 rate increase of over 20%, a \$34 monthly rate; for transport, treatment and disposal charges as the Brightwater plant nears completion.

As discussed earlier, the consultant reviewed the Financial Policies for the Water and Sewer Utility. The Financial Policies were originally developed in the Final Summary Report: City of Kirkland Utilities Capital Financing and Reserve Analysis. This analysis was completed in 1998 and provides the framework for the current reserve fund target balances. Further discussion of the Fiscal Policies and system reinvestment will occur at the November 8 council meeting. Similar to the information for the Water Utility above, the consultant confirmed the following five instruments for the Sewer Utility:

- Working Capital (WCR) - Maintain fund balance of 45-60 days of O & M (generally 12%)
- Operating Capital Reserve (OCR) - Maintain fund balance of 12% of operating costs
- Capital Contingency (CCR) - Maintain balance of 10% of 6-year CIP
- System Reinvestment - Fund from rates an amount at least equal to annual depreciation expense
- Debt Service Coverage – Maintain net revenues at least 1.5 times total debt service, excluding CFC revenues

The consultant confirmed that our minimum balances are in line with industry standards, that the utility has maintained adequate balances over the time period, and that the recommended rates sustain the necessary balances and coverages in the above funding sources.

The Fiscal Policies are intended to provide capital and operating funding to successfully manage the wastewater infrastructure. Specifically, 11.6% (13.4 miles) of the wastewater pipeline infrastructure is over sixty years old. In addition, a total of 15% (17.4 miles) of wastewater pipe is over fifty years old. Age does not automatically imply the need for replacement, for soil conditions, initial construction capabilities, and pipe type also factor in deterioration. We do, however, look much closer at pipelines over sixty years old as candidates for replacement. Sewer pipelines undergo unique stresses such as corrosive gases, root intrusion, grease blockages, offset joints and other factors often exacerbated by pipeline age.

Finally, the Sewer Utility relies on labor, supplies, materials, services, IT support, fuel and other factors to complete its mission of collecting wastewater from residences and businesses and transporting into the regional transport system for treatment. In 2006 and projected throughout the next two years, the costs of all these elements will increase. In some cases the change has been consistent with inflation; in others, the increase has surpassed annual inflation. As a result, many services within the Base Budget for the Sewer Utility are anticipated to increase in the 2007-08 time period. Specifically, benefits, utility billing costs, IT charges and other costs will increase at varying percentages.

Of the overall rate increase, 52% is the Metro Treatment and Disposal charge from King County, 30% from operating program changes, and the remaining 18% from adherence to the Fiscal Policies.

City staff is constantly exploring ways of improving services, enhancing productivity and reducing expenses. Specifically, the Sewer operations crew has utilized new technology to enhance our sewer main cleaning program. An active sewer cleaning program prevents manhole surcharges and sewer spills, and eliminates overflows from house cleanouts or domestic internal plumbing. Sanitary Sewer Overflows, known in EPA and Department of Ecology as SSO's, are threats to public health and water quality. Consequently, the Clean Water Act of the Federal government requires that SSO's be eliminated to the 'maximum extent practicable' from public sewer collection systems. The

ultimate goal is to have no SSOs from the sewer system. Some cities and agencies have a significant problem with SSO's, and face negative media attention, public criticism, and in some cases, fines and penalties from EPA and state regulatory agencies. In addition, the Endangered Species Act forbids the degradation and 'take' of viable fish habitat. While Kirkland does not have Chinook-bearing streams within its boundaries, we are responsible for eliminating wastewater overflows into Lake Washington.

Currently our Capital replacement program and annual operations and maintenance schedule results in 1 or 2 manhole surcharges per year. Sometimes the surcharges are caught and repaired before they result in a formal SSO. Our cleaning program was enhanced this past year when the city purchased a video inspection vehicle. This truck has computer equipment, a video camera on wheels or a track, and other technology to enable the operator to view a stretch of sewer main, record defects and obstacles, enter that data into our system, and dispatch the appropriate cleaning equipment. The camera can detect offset joints, roots, grease, lateral deficiencies, or any other factor that could impede the efficient flow of wastewater through the sewer main. Further, the program to eliminate wastewater lift stations from the system continues to result in significant savings in energy, and reductions in SSO's. Lift stations are often primary generators of larger overflows into critical areas; they are more vulnerable to failure and power outages, often are located near water bodies, and are costly to maintain and operate. The City's program to reduce the number of pump stations in the system from 11 to 6 over the last several years has resulted in a significant reduction in sewer overflows and increased protection of public health and water quality. An example of this proactive work is the current project to relocate and upgrade the Waverly Beach Pump Station.

Other enhancements this past year was replacement of one pump and impeller at the Marina Pump Station. This station's telemetry system often recorded weekly problems as the old impeller and pump were clogged with paper. Staff investigated alternate pumps and impellers, and discovered a system capable of passing larger items deposited in the wastewater system. This has resulted in a significant labor savings as crews formally called out bi-weekly for pump maintenance can now perform more proactive duties. Finally, this year wastewater crews worked with Parks and Streets staff to develop a streamlined method for transporting decant material from our yard to the vendor. This new method is estimated to result in over \$30,000 in annual savings beginning in 2007.

Despite the improvements noted above, the cost drivers described from Metro regional costs, inflationary increases for services, supplies and labor, and compliance with the financial policies result in a recommended rate increase of 7% in 2007 and 6% in 2008. For 2007 the typical monthly rate would increase as follows:

Current typical monthly residential sewer rate is \$42.85
2007 Proposed monthly rate is \$45.85 (7% or + \$3.00)
2008 Proposed monthly rate is \$48.60 (6% or + \$5.75 over 2007)

D. Wastewater Capital Facility Charges

The Wastewater Capital Facility Charge (CFC) will be modified by the method utilized in water as described above at a later date. We do not recommend changing the current Sewer Facility Charge Fee of \$1860 per RCE at this time. The Sewer Comp Plan is currently being updated, and there may be changes to the long-range sewer capital needs list. The Facility Charge will be changed administratively when the Sewer Comp plan is complete. It should be noted the 2006 Facility Charge is \$394 less than the 2005 rate of \$2254 per RCE.

II. WATER SERVICE FEES

As part of the overall rate review, the current fees for miscellaneous services were reviewed by staff and approved by the Finance Committee on October 9. These fees are proposed to be increased to be consistent with the actual cost

of service and with common municipal practice. These are fees for services above and beyond what ongoing rates fund. They are located in a separate part of the Kirkland Municipal Code and require a separate ordinance.

Recommendation

Amend Kirkland Municipal Code section 15.14.050 Fees for special services rendered to add or update fees for the following special services: after hours turn on, alternate billings, cut lock fees and door tags notices for water shut-off.

Background

The City currently provides a variety of services to utility customers below cost or at no charge. Services provided to a smaller segment of customers should be supported by fees paid by those customers rather than be borne by all the rate payers. The service with the greatest impact to staff is providing shut-off tags as a final notice before water is shut off for non payment. Utility staff prepares and hangs about 100 tags three weeks out of each month totaling over 3,200 tags annually. About 10% of those customers get their water shut off. Most of the 90% who pay their bill are the same customers who use the tags as notice to pay their bill. The additional fees are recommended to recover costs and to provide the customer an incentive to pay their utility bill before they receive a shut-off tag. Public Works has reviewed the proposed fees and supports this recommendation. A comparison of special services fees by neighboring utilities districts is attached.

Utility customers would be notified of these changes through messages on the utility bills, an insert describing the changes, changing the color on the delinquent notice mailed to customers to provide an alternate visual cue to paying their bills, notices on the website and providing advance warning on the last cycle of tags delivered at the end of 2006.

Fiscal Impact

The added and increased fees for special services are expected to generate approximately \$35,000 in revenue as listed in the following table:

Activity	Current Charge	Proposed Charge	Annual Activity	Est. Annual Revenue	
After Hours Turn On	\$35	\$50	10	\$150	
Alternate Billing	0	\$10	280	\$2,800	
Cut Lock Fee	\$13	\$60	5	\$235	
Shut-Off Tag	0	\$20	3,200	\$32,000	*
Total				\$35,185	
Assumes a 50% reduction in activity due to the charge					

Conclusion

In order to provide the revenue to be consistent with the financial policies and system needs, we recommend that Council adopt the Water and Sewer rates as proposed. The funds generated will enable Kirkland to provide a reliable level of service relative to water and sewer infrastructure operation. The financial policies enable the City of Kirkland

to meet industry standards for water delivery and wastewater collection. In addition, we recommend the fees for special services to be adopted as recommended. Enclosed are attachments which illustrate many of the issues raised in this memo.

Attachments:

- A – Memo on Cascade Water Alliance rates
- B – Water Expenditures
- C – Water CIP Components
- D – Water Cost Drivers
- E – Water System Indicators
- F – Age of Pipe in Water System
- G – Sewer Expenditures
- H – Sewer CIP Components
- I – Sewer Cost Drivers
- J – Sewer System Indicators
- K – Age of Pipe in Sewer System
- L – Regs and CFCs Review
- M – Rate Sheet



CITY OF KIRKLAND
Department of Public Works
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MEMORANDUM

To: David Ramsay, City Manager

From: Erin J. Leonhart, Public Works Facilities & Administrative Manager
 Daryl Grigsby, Public Works Director

Date: October 26, 2006

Subject: CASCADE WATER ALLIANCE –2007 BUDGET

This is an update about the Cascade Water Alliance (Cascade) 2007 Budget. The 2007 Preliminary Cascade Operating Budget was reviewed by the Cascade Finance Committee, of which Mayor Burleigh is a member, on September 14th and October 12th. The 2007 Cascade Budget adopted by the Cascade Board on October 25th includes an Operating Budget increase to \$19.9 million from \$18.8 million in 2006, primarily due to a net 6.6% increase in the cost of water purchased from Seattle, funding for additional Cascade positions and Lake Tapps operating costs. The 2007 Capital Budget is projected to be \$70.2 million for completion of Lake Tapps acquisition and pipeline construction and design. Cascade had an initial bond issue in the amount of \$55 million in 2006 and is planning for a second issue in the amount of \$75 million in 2007.

CITY OF KIRKLAND PAYMENTS TO CASCADE – 2006 & 2007 BUDGETS				
PAYMENT TYPE	2006		2007	
<i>CERU's*</i>		<i>17,287</i>		<i>17,436</i>
Administrative Dues	\$4.25/CERU	\$73,470	\$6.63/CERU	\$115,600
Conservation Program Charge	\$3.85/CERU	\$66,555	\$4.23/CERU	\$73,754
Demand Share Payment	\$406,863/SHARE	\$2,241,814	\$439,526/SHARE	\$2,448,160
New Water Surcharge	\$0.75/ccf	\$397,946	\$0.75/ccf	\$394,605
New Water Adjustments (Prior Years)				(\$107,721)
TOTAL		\$2,779,785		\$2,924,398
PERCENTAGE CHANGE				+5.2%
Projected RCFC Charges	\$4,648/CERU	\$845,936	\$5,297 /CERU	\$943,938

*Cascade Equivalent Residential Units

There will be a projected 5% increase in Kirkland's portion of Demand Share Payments, New Water Surcharges, Conservation Program Charges and Administrative Dues. There will also be a significant increase in the RCFC (from \$4648 to \$5297 per Cascade Equivalent Residential Unit), which is a portion of the Kirkland connection fee and reflects actual growth, because Cascade has started acquiring and building capital infrastructure. These increases are consistent with projections. The complete Summary of Member Charges 2006-2007 is included as Attachment A.

CONCLUSION

The Cascade Water Alliance is working on a significant number of projects with the goal of providing water from Tacoma Water, in addition to the Seattle Public Utilities block, by 2010. Kirkland's Cascade Board Representative Councilmember Burleigh and Alternate Mayor Lauinger along with Public Works staff will continue to keep the Council informed of activities.

cc: Tracey Dunlap, Director of Finance & Administration

Attachment A – Summary of Member Charges 2006-2007

GLOSSARY OF TERMS

Administrative Dues – Annual dues paid by Cascade Members to defray part of Cascade’s administrative costs, as required by the Interlocal Contract. Dues are based upon the number of CERUs served by the Member’s water system. Administrative Dues may not exceed the greater of \$1,000,000 or 5% of Cascade’s annual revenue requirement, less debt service.

Demand Share – A Cascade Member’s share of water provided throughout the Supply System. Kirkland has a demand share of 13.66%, third largest after Bellevue (54.8%) and Redmond (18.36%). The demand share determines the member’s charge for wholesale water purchases and related operating costs.

Cascade Equivalent Residential Unit (CERU) – A unit of water consumption measurement equivalent to an average single residence, based on meter size. A standard residential meter (5/8" x 3/4") is assigned a base factor of one.

Purveyor – A purveyor (supplier) of Seattle Water; specifically, an agency that purchased water supply from Seattle Public Utilities (“Seattle” or SPU) under a 1982 contract. Kirkland became a purveyor when the Rose Hill Water District was assumed on January 1, 1994. Each purveyor had an individual contract with Seattle. The existing “Water Purveyor Contract” between Kirkland and Seattle was scheduled to expire on December 31, 2011. Cascade Members relinquished their Purveyor contracts in conjunction with acceptance of the Seattle Block Contract.

New Water Surcharge – Per the Cascade Interlocal, “A new water surcharge of \$0.75 per 100 cubic feet (ccf) shall be imposed, effective on the Cascade Supply Date, and continue through December 31, 2011. It shall be applicable to all water purchased by Members over and above each Member’s Old Water Allowance in the Seattle Purveyor Contract, if applicable, or to all water purchased by non-Seattle Purveyor Members. New water surcharge revenues shall be used to offset or reduce Rates and Charges to Members to the extent practicable, except that such revenue need not be treated as reducing or offsetting those amounts that are necessary for payment of debt service on Bonds and for the provision of reserve and coverage requirements for the Bonds.” Kirkland’s Old Water Allowance is 1,467,881 ccf and our projected demand for 2007 is 1,963,670 ccf so the New Water Surcharge would apply to 495,789 ccf.

Regional Capital Facilities Charge (RCFC) – The fee charged by Cascade to members for each new CERU (see definition above). The RCFC is based on the incremental cost of providing new supply to new customers. This income is used to develop new water supply.

Wheeling (of water) – Moving water from one area to another through a transmission system.

ATTACHMENT "A"

Cascade Water Alliance
2006 Adopted - 2007 Proposed Budget

Summary of Member Charges

Administrative Dues	2006	2007	Difference	Percent Change
Bellevue	\$ 274,769	\$ 434,521	\$ 159,752	58.1%
Covington Water District	\$ 64,039	\$ 104,108	\$ 40,069	62.6%
Issaquah	\$ 42,687	\$ 70,897	\$ 28,210	66.1%
Kirkland	\$ 73,470	\$ 115,583	\$ 42,113	57.3%
Redmond	\$ 121,695	\$ 194,630	\$ 72,935	59.9%
Sammamish Plateau Water & Sewer District	\$ 85,888	\$ 136,489	\$ 50,601	58.9%
Skyway Water & Sewer District	\$ 16,003	\$ 24,964	\$ 8,961	56.0%
Tukwila	\$ 37,230	\$ 58,065	\$ 20,835	56.0%
Total	\$ 715,781	\$ 1,139,258	\$ 423,477	

Conservation Charges	2006	2007	Difference	Percent Change
Bellevue	\$ 248,908	\$ 277,151	\$ 28,243	11.3%
Covington Water District	\$ 40,608	\$ 46,482	\$ 5,874	14.5%
Issaquah	\$ 38,669	\$ 45,220	\$ 6,551	16.9%
Kirkland	\$ 66,555	\$ 73,723	\$ 7,168	10.8%
Redmond	\$ 110,241	\$ 124,141	\$ 13,900	12.6%
Sammamish Plateau Water & Sewer District	\$ 77,805	\$ 87,057	\$ 9,252	11.9%
Skyway Water & Sewer District	\$ 14,497	\$ 15,923	\$ 1,426	9.8%
Tukwila	\$ 33,726	\$ 37,035	\$ 3,309	9.8%
Total	\$ 631,009	\$ 706,733	\$ 75,724	

Net New Water Surcharges	2006	2007	Difference	Percent Change
Bellevue	\$ 954,260	\$ 612,753	\$ (341,507)	-35.8%
Covington Water District	\$ -	\$ -	\$ -	-
Issaquah	\$ 198,016	\$ 146,608	\$ (51,408)	-26.0%
Kirkland	\$ 399,917	\$ 264,121	\$ (135,796)	-34.0%
Redmond	\$ 928,935	\$ 950,791	\$ 21,856	2.4%
Sammamish Plateau Water & Sewer District	\$ 77,509	\$ 74,824	\$ (2,685)	-3.5%
Skyway Water & Sewer District	\$ -	\$ -	\$ -	-
Tukwila	\$ -	\$ -	\$ -	-
Total	\$ 2,558,637	\$ 2,049,098	\$ (509,539)	

Net Demand Share Charges	2006	2007	Difference	Percent Change
Bellevue	\$ 9,095,199	\$ 9,880,228	\$ 785,029	8.6%
Covington Water District	\$ -	\$ -	\$ -	-
Issaquah	\$ 121,858	\$ 288,896	\$ 167,038	137.1%
Kirkland	\$ 2,231,280	\$ 2,462,742	\$ 231,462	10.4%
Redmond	\$ 3,012,835	\$ 3,309,710	\$ 296,875	9.9%
Sammamish Plateau Water & Sewer District	\$ 193,025	\$ 161,383	\$ (31,642)	-16.4%
Skyway Water & Sewer District	\$ 222,723	\$ 240,259	\$ 17,536	7.9%
Tukwila	\$ 1,251,299	\$ 1,327,051	\$ 75,752	6.1%
Total	\$ 16,128,219	\$ 17,670,268	\$ 1,542,049	

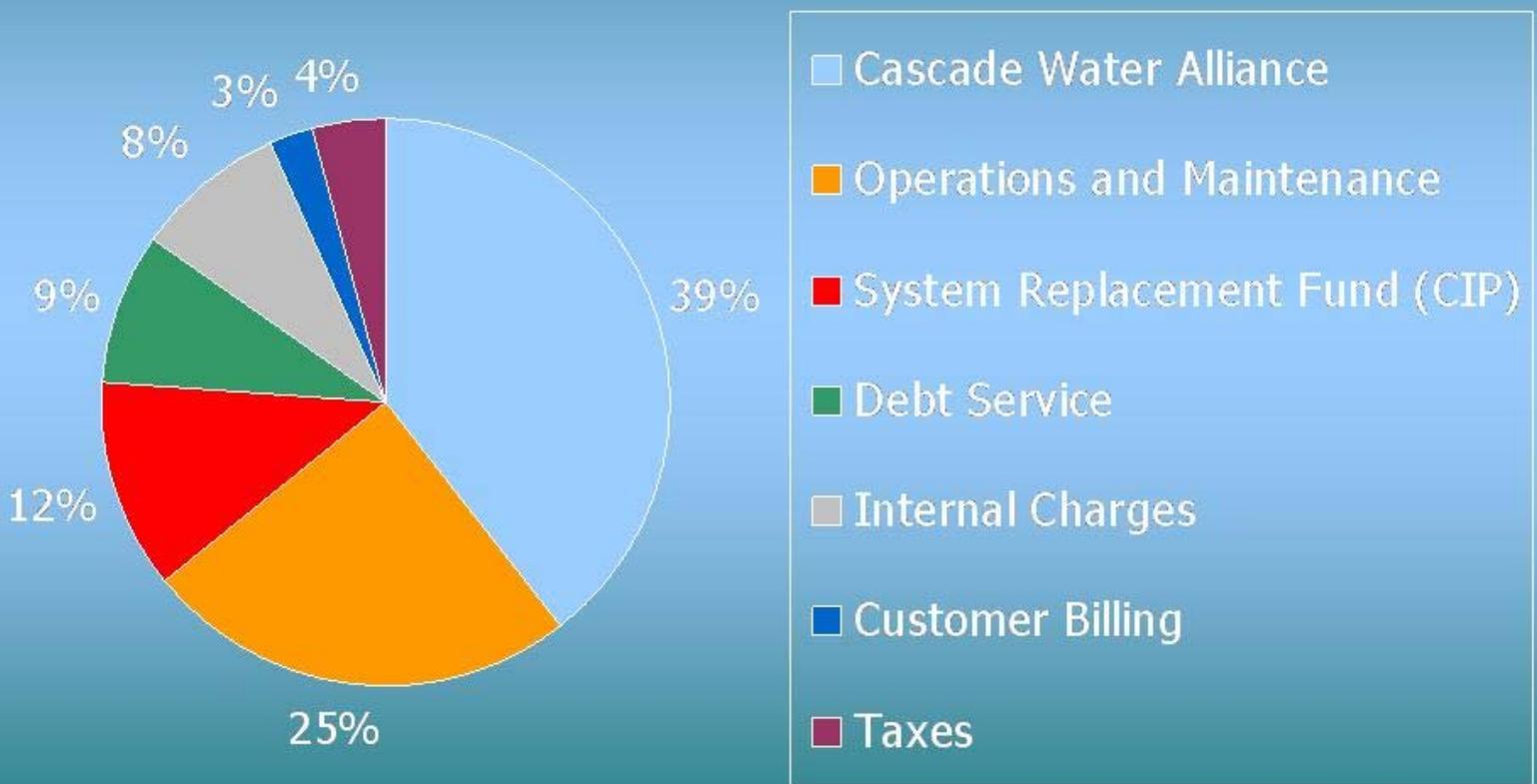
Summary of Member Charges

Estimated RCFCs	2006	2007	Difference	Percent Change
Bellevue	\$ 1,148,056	\$ 1,112,333	\$ (35,723)	-3.1%
Covington Water District		\$ -	\$ -	
Issaquah	\$ 3,718,400	\$ 2,792,674	\$ (925,726)	-24.9%
Kirkland	\$ 845,936	\$ 825,506	\$ (20,430)	-2.4%
Redmond	\$ 3,718,400	\$ 3,676,019	\$ (42,381)	-1.1%
Sammamish Plateau Water & Sewer District	\$ 3,114,160	\$ 3,092,546	\$ (21,614)	-0.7%
Skyway Water & Sewer District	\$ 46,480	\$ 44,553	\$ (1,927)	-4.1%
Tukwila	\$ 139,440	\$ 135,340	\$ (4,100)	-2.9%
Total	\$ 12,730,872	\$ 11,678,972	\$ (1,051,900)	

Total Payments w/out RCFCs	2006	2007	Difference	Percent Change
Bellevue	\$ 10,573,136	\$ 11,204,653	\$ 631,517	6.0%
Covington Water District	\$ 104,647	\$ 150,591	\$ 45,944	43.9%
Issaquah	\$ 401,230	\$ 551,622	\$ 150,392	37.5%
Kirkland	\$ 2,771,222	\$ 2,916,169	\$ 144,947	5.2%
Redmond	\$ 4,173,706	\$ 4,579,273	\$ 405,567	9.7%
Sammamish Plateau Water & Sewer District	\$ 434,227	\$ 459,753	\$ 25,526	5.9%
Skyway Water & Sewer District	\$ 253,223	\$ 281,145	\$ 27,922	11.0%
Tukwila	\$ 1,322,255	\$ 1,422,151	\$ 99,896	7.6%
Total	\$ 20,033,646	\$ 21,565,357	\$ 1,531,711	

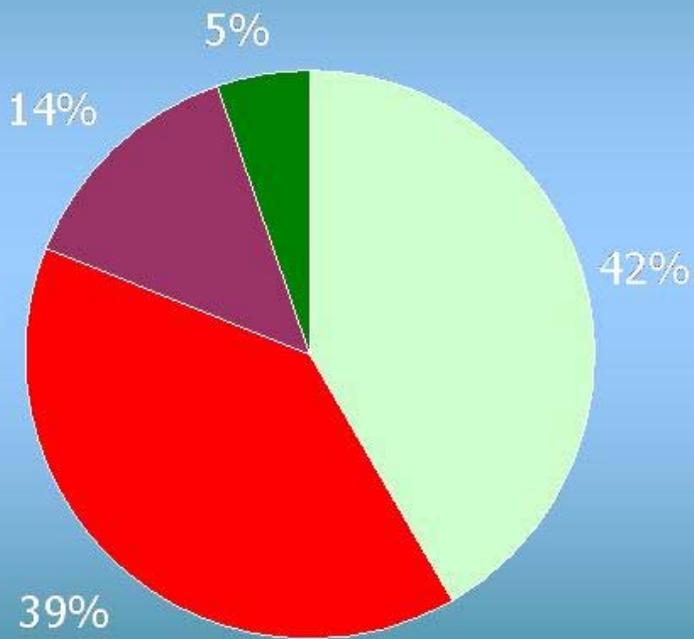
Total Payments w/RCFCs	2006	2007	Difference	Percent Change
Bellevue	\$ 11,721,192	\$ 12,316,986	\$ 595,794	5.1%
Covington Water District	\$ 104,647	\$ 150,591	\$ 45,944	43.9%
Issaquah	\$ 4,119,630	\$ 3,344,296	\$ (775,334)	-18.8%
Kirkland	\$ 3,617,158	\$ 3,741,675	\$ 124,517	3.4%
Redmond	\$ 7,892,106	\$ 8,255,292	\$ 363,186	4.6%
Sammamish Plateau Water & Sewer District	\$ 3,548,387	\$ 3,552,300	\$ 3,913	0.1%
Skyway Water & Sewer District	\$ 299,703	\$ 325,699	\$ 25,996	8.7%
Tukwila	\$ 1,461,695	\$ 1,557,491	\$ 95,796	6.6%
Total	\$ 32,764,518	\$ 33,244,329	\$ 479,811	

Water Expenditures* - \$8.2 M



*YE 2008

Water CIP - \$2.5 M



Capital Reserve

Depreciation

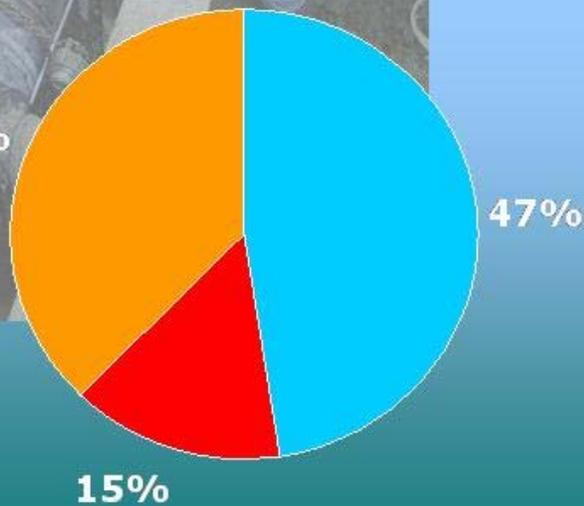
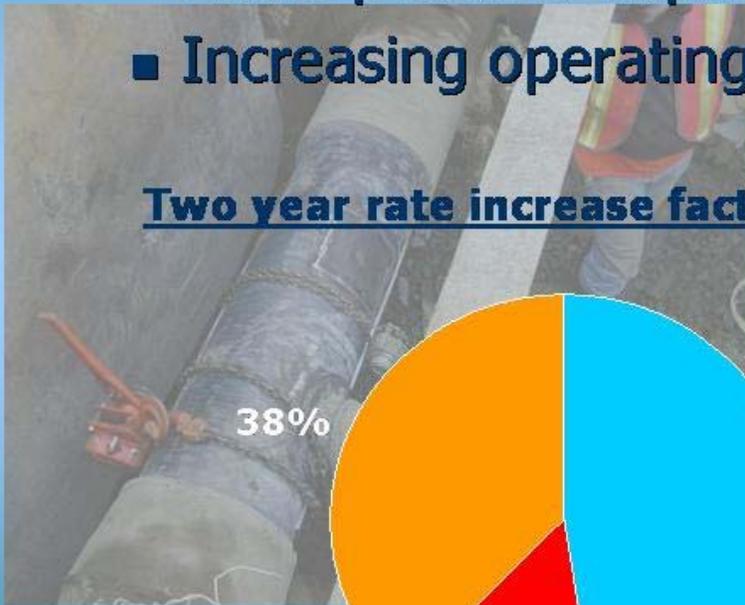
Connection Fees

Fund Interest Earnings

Water Rate increases

- CWA increases by \$476K (up from \$2.8 M)
- Fiscal policies: depreciation up to \$1 M/yr
- Increasing operating costs by \$380 K

Two year rate increase factors



Water System Indicators and Outcomes

- Total Water Plant Value - \$45,453,000
- Average annual water consumption, 6.2 MGD
- 11,317 meters serving 39,480 customers
- 168 miles of water distribution pipe
- Service level - repair all water service leaks within same working day hours; 140 repairs in 2005
- Service level – eliminate water main breaks, average 2 per year; down from 8-10 per year in the 1990s
- Replace 1.6 miles of A/C (Asbestos/Cement) pipe per year, currently 31%, or 51 miles, is AC pipe; down from 38% in 1998.

Water System Age of Pipe

Legend

Year Pipe Installed

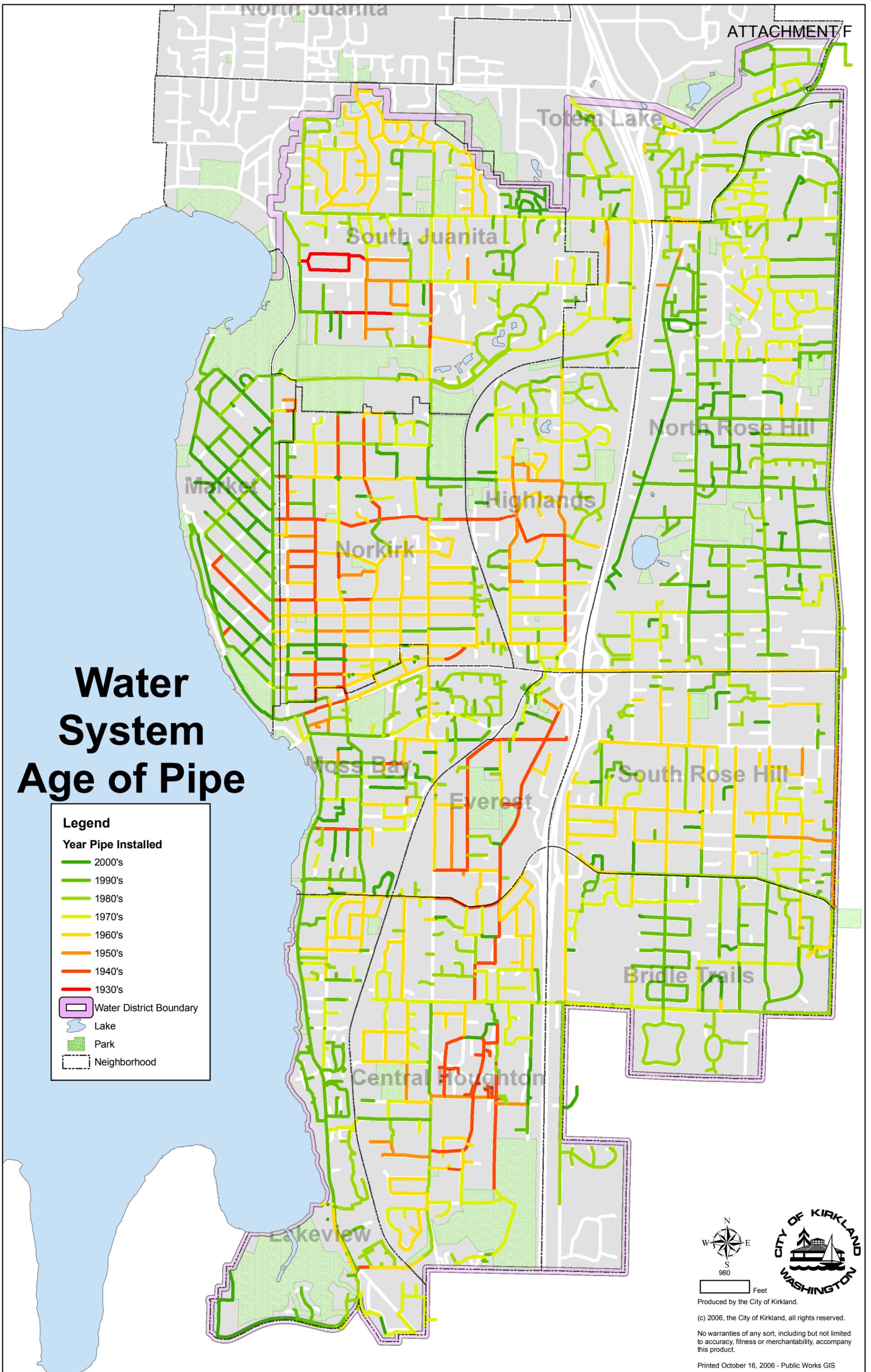
- 2000's
- 1990's
- 1980's
- 1970's
- 1960's
- 1950's
- 1940's
- 1930's

Water District Boundary

Lake

Park

Neighborhood

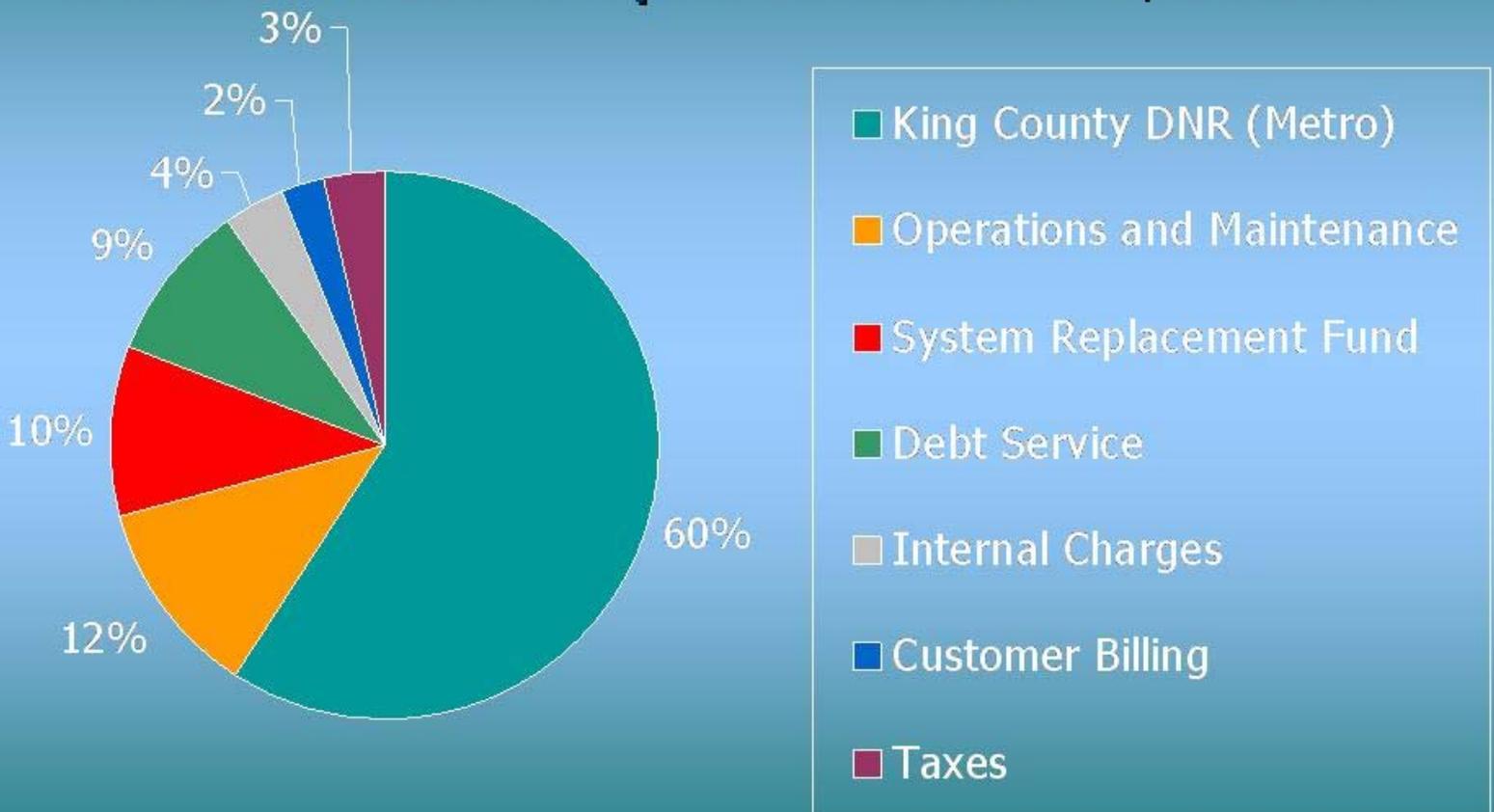


980 Feet

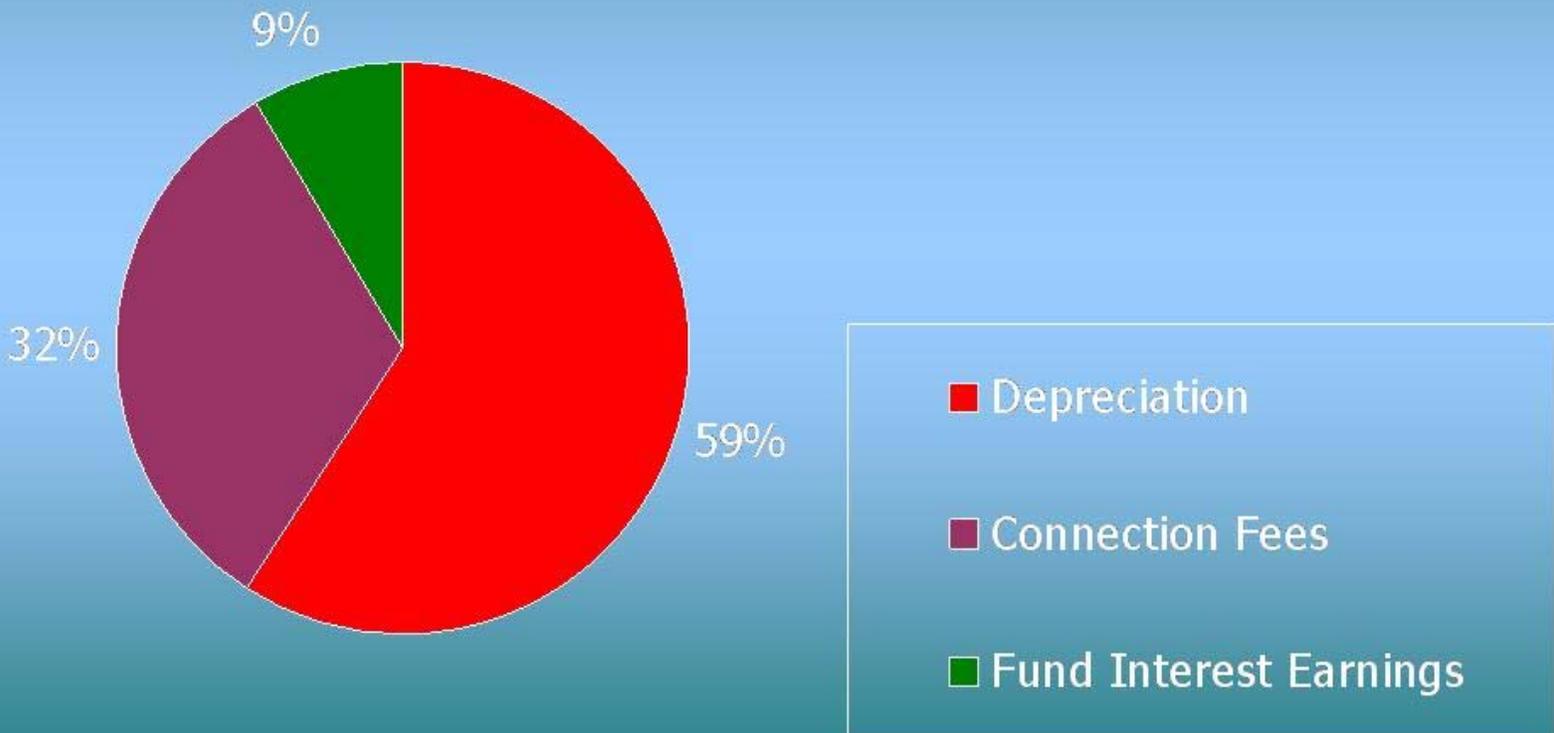


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 Printed October 16, 2006 - Public Works GIS

Wastewater Expenditures - \$8.1 M



Wastewater CIP - \$1.1 M

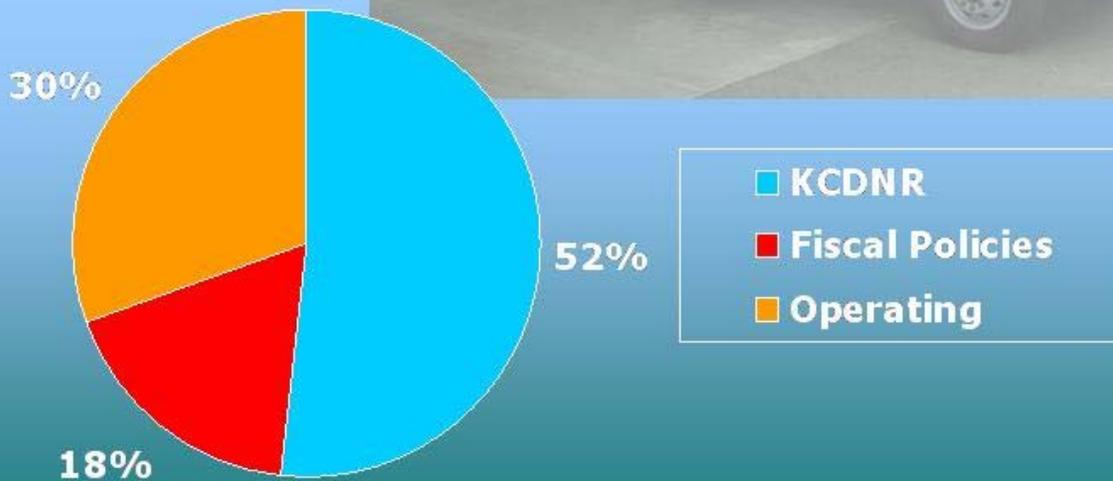


Wastewater rate increases

- KC DNR increases by \$456K (up from \$4.4 M)
- Fiscal policies: depreciation up to \$900 K/yr
- Increasing operating costs by \$269K



Two year rate increase factors



Wastewater System Indicators and Outcomes

- Total Sewer Plant Value is \$42,384,788
- 116 miles of wastewater collection pipes in the collection system; 2900 manholes
- 6 wastewater lift stations; stations generally have high maintenance and energy costs. Down from 11 in 1992.
- Utility crews clean entire system every three years, and higher maintenance Concrete Pipe every year. Crews clean equivalent of 41% of system (47 miles per year on average)
- Higher maintenance Concrete pipe is subject of annual pipe replacement program, currently 48% of system
- Service level to eliminate all Sanitary Sewer Overflows (SSO's), currently average 2-4 per year of stopped lines or surcharging manholes; often caught before SSO occurs

Sanitary Sewer System Age of Pipe

Legend

Year Pipe Installed

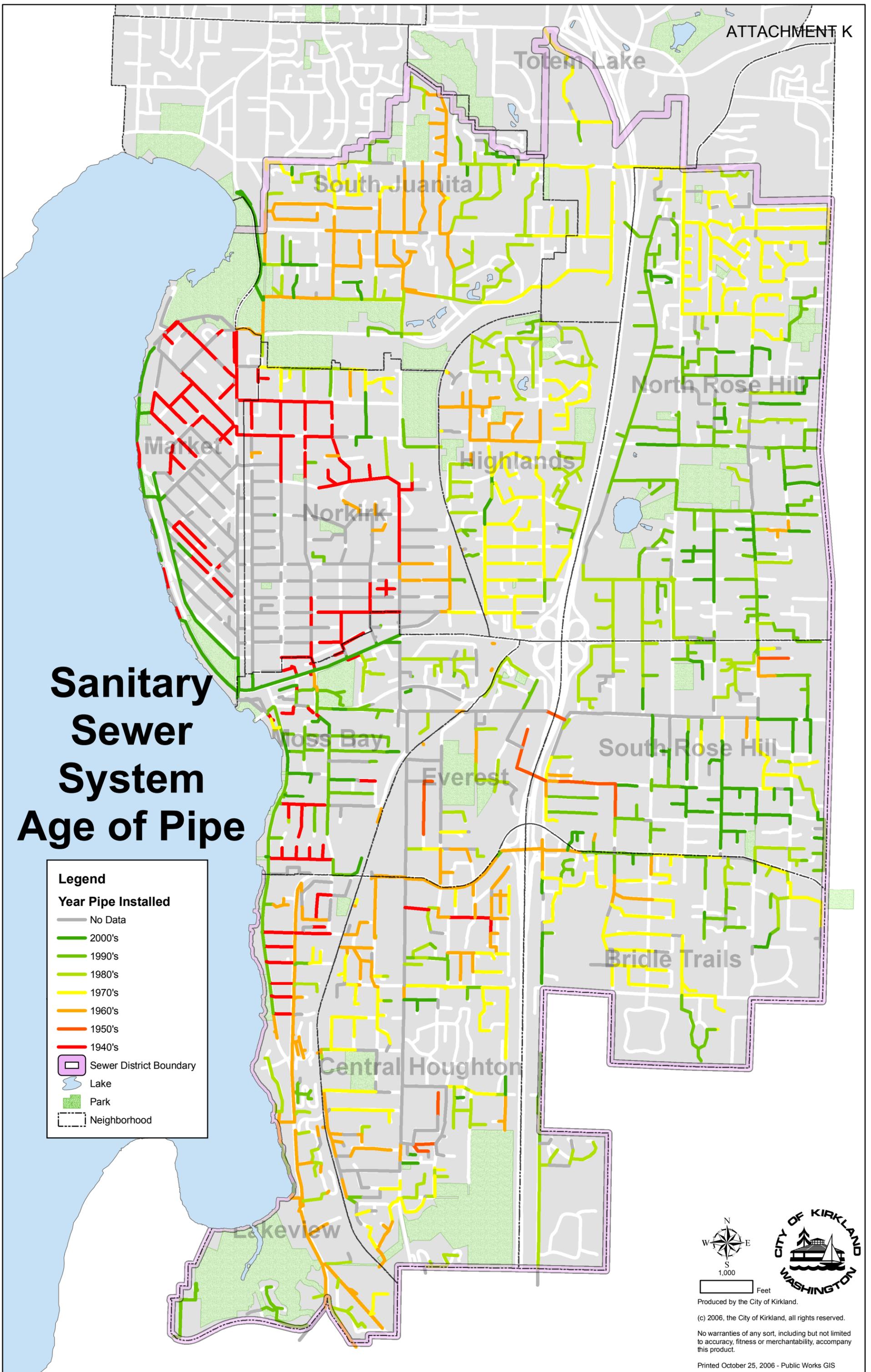
- No Data
- 2000's
- 1990's
- 1980's
- 1970's
- 1960's
- 1950's
- 1940's

□ Sewer District Boundary

☪ Lake

■ Park

⋯ Neighborhood



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Fiscal Policies

	Existing Policies	Recommended Policies	Comments
Working Capital (WCR)	Maintain fund balance of at least 45 days of O&M for each utility	Water & Sewer: 45 – 60 days of O&M (12%)	No major changes; current WCR adequate to meet target - no impact on rates
Operating Capital Reserves (OCR)	Maintain balance of 12% of operating costs (excluding debt service, capital funding)	Water: 12% to 15% to deal with CWA fixed rate structure Sewer: 12% of operating costs	No major changes; currently funded; slightly under-funded at 12% during study period
Capital Contingency (CCR)	Maintain balance of 10% of 6-year CIP for each utility	Water & Sewer: 10% of individual utility's 6-year CIP inflated dollars	No major changes; current CCR adequate to meet target - no impact on rates
System Reinvestment Funding	Fund from rates an amount at least equal to annual depreciation expense	Water & Sewer: fund from rates an amount equal to annual depreciation expense	No change Funding level results in increased rates
Debt Service Coverage	Internal policy set such that net revenues of each utility equals 1.5 times total debt service	Maintain net revenues of combined utilities at least 1.5 times total debt service, excluding CFC revenues	No major change; met or exceeded in every year; excess revenue available to fund any utility cost

City of Kirkland
Single Family Residential Utility Rates

	2006			2007 Proposed		2007 Increase in Monthly Bill	% Increase	2007 Proposed			2008 Proposed		2008 Increase in Monthly Bill	% Increase
	SF Monthly Rate	\$ change	% change	SF Monthly Rate	SF Monthly Rate			\$ change	% change	SF Monthly Rate	SF Monthly Rate	SF Monthly Rate		
Fund 411	Water <i>(730cf/mo)</i>	\$27.35	2.60	9.50%	\$29.95	\$2.60	9.50%	\$29.95	2.85	9.50%	\$32.80	\$2.85	9.52%	
Fund 411	Sewer	\$42.85	3.00	7.00% <i>(weighted ave)</i>	\$45.85	\$3.00	7.00% <i>(weighted ave)</i>	\$45.85	2.75	6.00% <i>(weighted ave)</i>	\$48.60	\$2.75	6.00% <i>(weighted ave)</i>	
Fund 431	Solid Waste	<u>\$23.50</u>	0.94	4.00%	<u>\$24.44</u>	<u>\$0.94</u>	4.00%	<u>\$24.44</u>	1.83	7.50%	<u>\$26.27</u>	<u>\$1.83</u>	7.50%	
	Total Monthly Utility Bill	\$93.70			\$100.24	\$6.54	6.98%	\$100.24			\$107.67	\$7.43	7.41%	
Fund 421	*Surfacewater	<u>\$14.15</u>	0.00	0.00%	<u>\$14.15</u>	<u>\$0.00</u>	0.00%	<u>\$14.15</u>	0.00	0.00%	<u>\$14.15</u>	<u>\$0.00</u>	0.00%	
	Total Monthly Charge	<u>\$107.85</u>			<u>\$114.39</u>	<u>\$6.54</u>	<u>6.06%</u>	<u>\$114.39</u>			<u>\$121.82</u>	<u>\$7.43</u>	<u>6.50%</u>	

*charged via King County Property Tax Bill

ORDINANCE 4066

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO WATER SYSTEM CUSTOMER RATES FOR 2007 AND PROVIDING FOR CHANGES IN SAID RATES.

The City Council of the City of Kirkland do ordain as follows:

Section 1. Table 15.24.020 of Section 15.24.020 of the Kirkland Municipal Code, as last amended by Ordinance 4012, which establishes the monthly water charge required to be paid to the City by customers of the Kirkland Water System is further amended to read as follows:

Table 15.24.020

Customer Class	Rate
a. Single-family residential	
(1) Basic charge (includes 200 cubic feet of water consumed)	\$12.04 <u>13.18</u>
PLUS	
(2) Water consumption charge - 201 cubic feet to 1,200 cubic feet	\$2.88 <u>3.15</u> per 100 cubic feet
PLUS	
(3) Water consumption charge - over 1,200 cubic feet	\$3.78 <u>4.14</u> per 100 cubic feet
b. All other customers, including commercial and multifamily residential	
	Meter Size (inches)
(1) Basic charge per size of meter	Rate
	5/8 x 3/4 \$11.07 <u>12.12</u>
	1 \$19.03 <u>20.84</u>
	1-1/2 \$30.25 <u>33.12</u>
	2 \$48.53 <u>53.14</u>
	3 \$137.85 <u>150.95</u>
	4 \$190.41 <u>208.50</u>
	5 \$246.22 <u>269.61</u>
	6 \$325.99 <u>356.96</u>
	8 \$485.55 <u>531.68</u>

PLUS

(2) Water consumption charge	\$3.34 <u>3.66</u> per 100 cubic feet of water consumed
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PLUS

(3) Sprinkler consumption charge	\$3.78 <u>4.14</u> per 100 cubic feet of water consumed
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Section 2. Effective date for new rates: 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, 2006, 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, 2007.

Section 3. The water rates set forth in KMC 15.24.020, which is amended by this ordinance, shall remain in force and effect until the rates set forth in this ordinance go into effect.

Section 4. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance, or the application of the provision to other persons or circumstances is not affected.

Section 5. This Ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this _____ day of _____, 2006.

Signed in authentication thereof this ____ day of _____, 2006.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney

ORDINANCE 4067

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO 2007 SEWER SYSTEM CUSTOMER RATES AND AMENDING TABLE 15.24.070 OF THE KIRKLAND MUNICIPAL CODE.

The City Council of the City of Kirkland do ordain as follows:

Section 1. Table 15.24.070 of Section 15.24.070 of the Kirkland Municipal Code, as last amended by Ordinance 4013, which establishes the monthly sewer charge required to be paid to the City by customers of the Kirkland Sewer System is further amended to read as follows:

Table 15.24.070

Customer Class	Rate
a. Single-family residential	
Basic charge	\$34.06 <u>36.86</u> for first 300 cubic feet of average winter water consumption ("AWWC").
PLUS	
Consumption charge	\$2.82 <u>2.97</u> per 100 cubic feet of AWWC beyond first 300 cubic feet.
b. Multifamily residential and commercial	
Basic charge	\$33.30 <u>35.63</u> for first 600 cubic feet of water consumed.
PLUS	
Consumption charge	\$5.84 <u>6.25</u> per 100 cubic feet of water consumed beyond first 600 cubic feet.
c. In special cases, single-family residents will be billed according to the following policies:	

Special Case	Sewer Rate Policy
New homes	Billed only basic charge until use is established.
Changes in property ownership	Billed only basic charge until use is established.
Changes in tenancy	Billed only basic charge until use is established.
Non-water customers	Billed at system average.
Leak adjustments	Billed per adjusted winter volume. City will factor water leak adjustment into calculation for sewer rate

Section 2. Effective date for new rates: The monthly service and consumption rates for sewer customers established in this ordinance shall go into effect and become the rates to be charged as of December 1, 2006; provided that, the monthly rates for sewer customers billed on the City of

Kirkland billing cycles number 2, number 4, and number 5 shall go into effect January 1, 2007.

Section 3. The sewer rates set forth in KMC 15.24.070, which is amended by this ordinance, shall remain in force and effect until the rates set forth in this ordinance go into effect.

Section 4. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance, or the application of the provision to other persons or circumstances is not affected.

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of _____, 2006.

Signed in authentication thereof this ____ day of _____, 2006.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney

ORDINANCE 4068

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO WATER SYSTEM CUSTOMER RATES FOR 2008 AND PROVIDING FOR CHANGES IN SAID RATES.

The City Council of the City of Kirkland do ordain as follows:

Section 1. Table 15.24.020 of Section 15.24.020 of the Kirkland Municipal Code, as last amended by Ordinance 4066, which establishes the monthly water charge required to be paid to the City by customers of the Kirkland Water System is further amended to read as follows:

Table 15.24.020

Customer Class	Rate	
a. Single-family residential		
(1) Basic charge (includes 200 cubic feet of water consumed)	\$13.18 <u>14.43</u>	
PLUS		
(2) Water consumption charge - 201 cubic feet to 1,200 cubic feet	\$3.15 <u>3.45</u> per 100 cubic feet	
PLUS		
(3) Water consumption charge - over 1,200 cubic feet	\$4.14 <u>4.53</u> 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	\$12.12 <u>13.27</u>
	1	\$20.84 <u>22.82</u>
	1-1/2	\$33.12 <u>36.27</u>
	2	\$53.14 <u>58.19</u>
	3	\$150.95 <u>165.29</u>
	4	\$208.50 <u>228.32</u>
	5	\$269.61 <u>295.22</u>
	6	\$356.96 <u>390.87</u>
	8	\$531.68 <u>582.19</u>

PLUS

(2) Water consumption charge	\$3.66 <u>4.01</u> per 100 cubic feet of water consumed
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PLUS

(3) Sprinkler consumption charge	\$4.14 <u>4.53</u> per 100 cubic feet of water consumed
----------------------------------	---

Section 2. Effective date for new rates: 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, 2007, 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, 2008.

Section 3. The water rates set forth in KMC 15.24.020, which is amended by this ordinance, shall remain in force and effect until the rates set forth in this ordinance go into effect.

Section 4. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance, or the application of the provision to other persons or circumstances is not affected.

Section 5. This Ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this _____ day of _____, 2006.

Signed in authentication thereof this ____ day of _____, 2006.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney

ORDINANCE 4069

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO 2008 SEWER SYSTEM CUSTOMER RATES AND AMENDING TABLE 15.24.070 OF THE KIRKLAND MUNICIPAL CODE.

The City Council of the City of Kirkland do ordain as follows:

Section 1. Table 15.24.070 of Section 15.24.070 of the Kirkland Municipal Code, as last amended by Ordinance 4067, which establishes the monthly sewer charge required to be paid to the City by customers of the Kirkland Sewer System is further amended to read as follows:

Table 15.24.070

Customer Class	Rate
a. Single-family residential	
Basic charge	\$36.86 <u>38.27</u> for first 300 cubic feet of average winter water consumption ("AWWC").
PLUS	
Consumption charge	\$2.97 <u>3.44</u> per 100 cubic feet of AWWC beyond first 300 cubic feet.
b. Multifamily residential and commercial	
Basic charge	\$35.63 <u>37.77</u> for first 600 cubic feet of water consumed.
PLUS	
Consumption charge	\$6.25 <u>6.63</u> per 100 cubic feet of water consumed beyond first 600 cubic feet.
c. In special cases, single-family residents will be billed according to the following policies:	

Special Case	Sewer Rate Policy
New homes	Billed only basic charge until use is established.
Changes in property ownership	Billed only basic charge until use is established.
Changes in tenancy	Billed only basic charge until use is established.
Non-water customers	Billed at system average.
Leak adjustments	Billed per adjusted winter volume. City will factor water leak adjustment into calculation for sewer rate

Section 2. Effective date for new rates: The monthly service and consumption rates for sewer customers established in this ordinance shall go into effect and become the rates to be charged as of December 1, 2007; provided that, the monthly rates for sewer customers billed on the City of

Kirkland billing cycles number 2, number 4, and number 5 shall go into effect January 1, 2008.

Section 3. The sewer rates set forth in KMC 15.24.070, which is amended by this ordinance, shall remain in force and effect until the rates set forth in this ordinance go into effect.

Section 4. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance, or the application of the provision to other persons or circumstances is not affected.

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of _____, 2006.

Signed in authentication thereof this ____ day of _____, 2006.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney

ORDINANCE 4070

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO UTILITY FEES FOR SPECIAL SERVICES AND AMENDING SECTION 15.14.050 OF THE KIRKLAND MUNICIPAL CODE.

The City Council of the City of Kirkland do ordain as follows:

Section 1. Section 15.14.050 of the Kirkland Municipal Code is hereby amended to read as follows:

15.14.050 Fees for special services rendered.

In addition to all other user rates and service connection fees required to be paid to the city, the following special service fees are established and shall be paid by the owner of the property served:

(1) Customer Requested Service Shutoff. A water service shutoff or disconnect made at the request of the owner or occupant of the premises served:

(A) When shutoff may be made by the city during regular business hours, thirty dollars;

(B) When shutoff can only be made by the city during nonbusiness hours, ~~seventy-five~~ eighty dollars.

(2) Water Service Shut-Off or Turn-On for Unpaid User Bill. A water service shutoff or disconnect for nonpayment of delinquent water, sewer or refuse bill as authorized by Section 15.20.020, or for turning it on after payment of such delinquencies, forty dollars within normal business hours, ~~seventy-five~~ ninety dollars if during nonbusiness hours.

(3) Service Calls. When a service call is made at the request of the owner or occupant of the premises for assistance in shutting off the water line to help locate and/or repair a water line leak, no charge will be assessed if the broken water line was not caused by the owner or occupant of the premises. However, a charge of twenty dollars shall be made ~~only when~~ if it is determined ~~that the location or cause of such water line leak is not within the city-owned water main and~~ it was caused by the owner or occupant of the premises. ~~The foregoing fees when incurred shall be added to the next customer billing as provided in Section 15.20.050.~~

(4) Special Water Meter Reading. A reading of a customer's water meter, at the request of the owner, title or escrow company, occurring on any day other than the day the city has established as the property's regular scheduled water meter reading, forty dollars.

(5) Alternate Billing. When alternate billing is requested as authorized by Section 15.20.010, ten dollars.

(6) Cut Lock Fee. When the water meter is discovered unlocked after the meter has been turned off and locked for non-payment of delinquent water, sewer or refuse bill as authorized by Section 15.20.020, sixty dollars.

(7) Shut-off Tag. A customer receiving a shut-off tag notice as final notice before water is shut off for non-payment, twenty dollars.

(8) The foregoing fees when incurred shall be added to the next customer billing as provided in Section 15.20.050.

Section 2. Effective date for new fees: The fees established in this Ordinance shall go into effect and become the fees to be charged as of January 1, 2007.

Section 3. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this _____ day of _____, 2006.

Signed in authentication thereof this _____ day of _____, 2006.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney