

0030-ORD
12/05/96

ORIGINAL

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 4951

AN ORDINANCE establishing capital recovery charges for the Water, Sewer and Storm & Surface Water Utilities; amending Sections 24.02.050, 24.02.260, 24.04.050, 24.04.260, 24.06.050 and 24.06.260 of the Bellevue City Code; adding new Sections 24.02.275, 24.04.275 and 24.06.275 to the Bellevue City Code; and establishing an effective date.

WHEREAS, a study of the basis for and the amount of development fees and General Facilities Charges for the Water, Sewer and Storm & Surface Water Utilities was conducted by an independent consultant; and

WHEREAS, the study recommended a new basis and methodology for recovering the costs currently recovered through the General Facilities Charges; and

WHEREAS, a Development Charges Task Force composed of representatives of the community was appointed by the City Manager to review the independent consultant's study of Utility development fees and Utility General Facilities Charges; and

WHEREAS, the Development Charges Task Force recommended replacing the General Facilities Charges with Capital Recovery Charges to be paid by the property owner as monthly charges for a period of ten years; and

WHEREAS, the Development Charges Task Force and the independent consultant through their analysis identified and evaluated the historical costs paid by customers to construct the Utility systems and calculated reasonable capital recovery charges based upon those costs and the number of connections; and

WHEREAS, the rate schedule, as proposed by the Development Charges Task Force, considers the use of the Utility systems by "old customers" and by "new customers" such that "new customers" are charged for the historical cost of the system as it exists today, while "old customers" have either paid a connection fee or have paid for system improvements through historical payment of the respective Utility service charges; and

WHEREAS, the proposed capital recovery charges comply with the uniformity requirement of the state Constitution and state law; and

WHEREAS, such charges are authorized under the Utilities' general rate making authority and by RCW 35.92.025 which authorizes the City to impose such charges "in order that ... property owners shall bear their equitable share of the cost of such system"; and

0030-ORD
12/05/96

WHEREAS, the Environmental Services Commission has recommended approval of the Capital Recovery Charges as recommended by the Development Charges Task Force; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Sections 24.02.050, 24.04.050 and 24.06.050 of the Bellevue City Code are amended by the addition of new paragraphs 24.02.050(CC), 24.04.050(BB), and 24.06.050(FF), respectively, to add a new definition "Capital recovery charge" to read as follows:

"Capital recovery charge" means a monthly charge imposed on improvements, developments, redevelopments or existing structures that place additional demand on each Utility system after January 1, 1997. The capital recovery charge shall be based on an allocation of the Utility plant-in-service costs plus interest and the number of single family equivalents served by each Utility.

Section 2. Section 24.02.050(D) of the Bellevue City Code is amended to read as follows:

D. "Connection charges" means charges imposed as a condition of providing utility service so that each connecting property bears its equitable share of the costs of the public water system and of the costs of facilities that benefit the property. Connection charges include latecomer charges and direct facilities charges.

Section 3. Section 24.04.050(B) of the Bellevue City Code is amended to read as follows:

B. "Connection charges" means charges imposed as a condition of providing utility service so that each connecting property bears its equitable share of the costs of the public sewer system and of the costs of facilities that benefit the property. Connection charges include latecomer charges and direct facilities charges.

Section 4. Section 24.06.050(E) of the Bellevue City Code is amended to read as follows:

E. "Connection charges" means charges imposed as a condition of connecting to the utility system so that each connecting property bears its equitable share of the costs of the public drainage system and of the costs of facilities that benefit the property. Connection charges include latecomer charges and direct facilities charges.

Section 5. Section 24.02.260 of the Bellevue City Code is amended to read as follows:

0030-ORD
12/05/96

24.02.260 Connection Charges

A. General.

1. The Utility shall collect connection charges in order that each connecting property shall bear its equitable share of the cost of the public water system.

2. Connection charges shall be paid:

a. Before a property is allowed to connect to the public water system.

b. At the time of re-development of the property, if connection charges apply that have not yet been paid such as charges for new facilities that directly benefit the property.

3. Connection charges that have been paid as a result of prior development activities or through participation in an L.I.D. or U.L.I.D. will not be re-assessed.

4. The Utility may enter into contracts with the owners of existing single-family residences and with the owners of redevelopment projects that meet criteria specified by the Utility for payment of connection charges over time instead of as a lump sum. The Utility will charge interest at a rate set by the City treasurer on any outstanding debt covered by a payment contract. A contract shall be payable in full at the time of closing upon sale of the property.

B. Direct Facilities Charges.

1. The Utility shall collect direct facilities charges from property owners that directly benefit from Utility-built or privately-built water service facilities, except property owners who previously paid their fair share through an L.I.D. or U.L.I.D. Facilities that may be covered in a direct facilities charge include, but are not limited to, lines built from the water main to the property line, fire hydrant assemblies, pump stations, reservoirs and distribution and transmission mains.

2. The direct facilities charge is the property owner's equitable share of the established costs of the facilities he/she benefits from. The equitable share shall include interest charges applied from the date of construction acceptance of the facility until the property connects, or for a period not to exceed ten years, whichever is less, at a rate commensurate with the rate of interest applicable at the time of construction of the facility to which the property owner is seeking to connect but not to exceed ten percent per year: provided, that the aggregate amount of interest shall not exceed the equitable share of the cost of the facility allocated to such property owner.

0030-ORD
12/05/96

3. The facilities' costs shall be allocated to benefitting property owners based on the number of single family equivalents. The Director may, however, make such allocation based on front footage or other reasonably based methodology if the Director determines that such alternate basis or methodology better assures equitable sharing of cost by all properties benefitting from the facilities.

C. Administrative Procedures. The Director is authorized to adopt administrative procedures for the purpose of administering the provisions of this Section 24.02.260.

Section 6. Section 24.04.260 of the Bellevue City Code is amended to read as follows:

24.04.260 Connection Charges

A. General.

1. The Utility shall collect connection charges, in order that each connecting property shall bear its equitable share of the cost of the public sewer system.

2. Connection charges shall be paid before a property is allowed to connect to the public sewer system. Connection charges not previously paid, such as charges for new facilities that directly benefit the property, shall be paid when the property undergoes, either at one time or cumulatively through more than one project, a substantial remodeling as defined in Section 20.50.040 of the Land Use Code or more substantial improvement or if an improvement or cumulative improvements significantly impact downstream system capacity.

3. Connection charges that have been paid as a result of development activities on the property or through participation in a L.I.D. or U.L.I.D. will not be re-assessed.

4. The Utility may enter into contracts with the owners of existing single-family residences and with the owners of redevelopment projects that meet criteria specified by the Utility for payment of connection charges over time instead of as a lump sum. The Utility will charge interest, at a rate set by the City treasurer on any outstanding debt covered by a payment contract. A contract shall be payable in full at the time of closing upon sale of the property.

B. Direct Facilities Charges.

1. The Utility shall assess and collect direct facilities charges from property owners that directly benefit from Utility-built or privately-built sewer facilities, except property owners who previously paid their fair share through an L.I.D. or U.L.I.D.

0030-ORD
12/05/96

Facilities that may be covered in a direct facilities charge include, but are not limited to, stubs built from the sewer main to the property line, pump stations and mains.

2. The direct facilities charge is the property owner's equitable share of the established costs of the facilities he/she benefits from. The equitable share shall include interest charges applied from the date of construction acceptance of the facility until the property connects, or for a period not to exceed ten years, whichever is less, at a rate commensurate with the rate of interest applicable at the time of construction of the facility to which the property owner is seeking to connect but not to exceed ten percent per year: provided, that the aggregate amount of interest shall not exceed the equitable share of the cost of the facility allocated to such property owner.

3. The facilities' costs shall be allocated to benefitting property owners based on the number of single family equivalents. The Director may, however, make such allocation based on front footage or other reasonably based methodology if the Director determines that such alternate basis or methodology better assures equitable sharing of cost by all properties benefitting from the facilities.

C, Administrative Procedures. The Director is authorized to adopt administrative procedures for the purpose of administering the provisions of this Section 24.04.260.

Section 7. Section 24.06.260 of the Bellevue City Code is amended to read as follows:

24.06.260 Connection Charges

A. General

1. The Utility shall collect connection charges so that each developed property bears its equitable share of the cost of the public drainage system.

2. Connection charges shall be paid:

a. When property is changed from an undeveloped to a developed condition.

b. At the time of redevelopment of the property, if a direct facilities charge applies that has not yet been paid, such as a charge for a new facility that directly benefits the property.

3. Connection charges that have been paid as a result of prior development activities on the property or through participation in an L.I.D. or U.L.I.D. will not be re-assessed.

0030-ORD
12/05/96

4. The Utility may enter into contracts with the owners of existing single-family homes and with the owners of redevelopment projects that meet criteria specified by the Utility for payment of connection charges over time instead of as a lump sum. The Utility will charge interest, at a rate set by the City Treasurer, on any outstanding debt covered by a payment contract. A contract shall be payable in full at the time of closing upon sale of the property.

B. Direct Facilities Charges.

1. The Utility shall collect direct facilities charges from property owners that directly benefit from Utility-built or privately-built public drainage facilities, except property owners who previously paid their fair share through an L.I.D. or U.L.I.D.

2. The direct facilities charge is the property owner's equitable share of the established costs of the facilities he/she benefits from. The equitable share shall include interest charges applied from the date of construction acceptance of the facility until the property connects, or for a period not to exceed ten years, whichever is less, at a rate commensurate with the rate of interest applicable at the time of construction of the facility to which the property owner is seeking to connect but not to exceed ten percent per year; provided, that the aggregate amount of interest shall not exceed the equitable share of the cost of the facility allocated to such property owner.

3. The facilities' costs shall be allocated to benefitting property owners based on the number of single family equivalents. The Director may, however, make such allocation based on front footage or other reasonably based methodology if the Director determines that such alternate basis or methodology better assures equitable sharing of cost by all properties benefitting from the facilities.

4. Properties within the Meydenbauer Drainage Basin and properties within the Central Business District (CBD), lying between N.E. 2nd Street and N.E. 12th Street, are subject to a facilities charge in an amount and to the extent provided in Sections 4 and 5 of Ordinance No. 3372, as now or hereafter amended.

C. Administrative Procedures. The Director is authorized to adopt administrative procedures for the purpose of administering the provisions of this Section 24.06.260.

Section 8. A new Section 24.02.275 is added to Chapter 24.02 of the Bellevue City Code to read as follows:

24.02.275 Capital Recovery Charges.

Capital Recovery Charge. The Utility shall establish and collect a monthly capital recovery charge so that each new improvement, development, redevelopment or existing structure that places an additional demand on the water system bears its equitable share

0030-ORD
12/05/96

of the cost of the public Utility system. Right-of-way and unirrigated non-building tracts shall be exempt from the capital recovery charge. The capital recovery charge shall be based on the cost of the Water Utility Plant-in-Service, less the cost of donated facilities, less the cost of City-built local facilities for which direct facilities charges are imposed, plus recoverable interest divided by the customer base as quantified by single family equivalent units. The capital recovery charge shall be placed on affected properties as a monthly charge for a period of ten years. The Director is authorized to adjust the capital recovery charge value based upon updated values of the above described elements.

Section 9. A new Section 24.04.275 is added to Chapter 24.04 of the Bellevue City Code to read as follows:

24.04.275 Capital Recovery Charges.

Capital Recovery Charge. The Utility shall establish and collect a monthly capital recovery charge so that each new improvement, development, redevelopment or existing structure that places an additional demand on the sewer system bears its equitable share of the cost of the public Utility system. Right-of-way and non-building tracts shall be exempt from the capital recovery charge. The capital recovery charge shall be based on the cost of the Sewer Utility Plant-in-Service, less the cost of donated facilities, less the cost of City-built local facilities for which direct facilities charges are imposed, plus recoverable interest divided by the customer base as quantified by single family equivalent units. The capital recovery charge shall be placed on affected properties as a monthly charge for a period of ten years. The Director is authorized to adjust the capital recovery charge value based upon updated values of the above described elements.

Section 10. A new Section 24.06.275 is added to Chapter 24.06 of the Bellevue City Code to read as follows:

24.06.275 Capital Recovery Charges.

Capital Recovery Charge. The Utility shall establish and collect a monthly capital recovery charge so that each new improvement, development, redevelopment or existing structure that places an additional demand on the Storm and Surface Water system bears its equitable share of the cost of the public Utility system. The capital recovery charge shall be based on the cost of the Storm and Surface Water Utility Plant-in-Service, less the cost of donated facilities, less the cost of City-built local facilities for which direct facilities charges are imposed, plus recoverable interest divided by the customer base as quantified by single family equivalent units. The capital recovery charge shall be placed on affected properties as a monthly charge for a period of ten years. The Director is authorized to adjust the capital recovery charge value based upon updated values of the above described elements.

ORIGINAL

0030-ORD
12/05/96

Section 11. The following Capital Recovery Charges are hereby established:

Section 24.02.275: Water Capital Recovery Charges are \$11.07 per month.

Section 24.04.275: Sewer Capital Recovery Charges are \$5.75 per month.

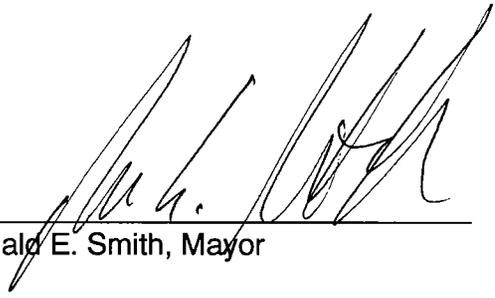
Section 24.06.275: Storm & Surface Water Capital Recovery Charges are \$4.65 per month.

Section 12. Sections 1-11 of this ordinance shall take effect on January 1, 1997. No general facilities charge imposed prior to January 1, 1997 shall be invalidated or otherwise affected by the adoption of this ordinance.

Section 13. This ordinance shall take effect and be in force five days after its passage and legal publication.

PASSED by the City Council this 9th day of December, 1996, and signed in authentication of its passage this 9th day of December, 1996.

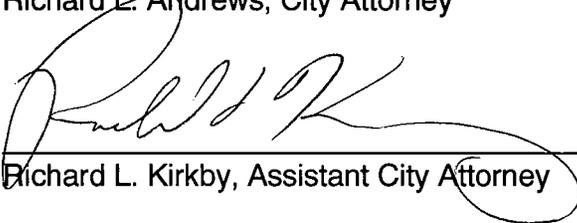
(SEAL)



Ronald E. Smith, Mayor

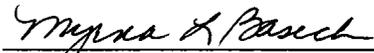
Approved as to form:

Richard L. Andrews, City Attorney



Richard L. Kirkby, Assistant City Attorney

Attest:



Myrna L. Basich, City Clerk

Published December 13, 1996