

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE amending Chapter 24.02 of the Bellevue City Code to revise provisions relating to water utility connection charges and establishing an effective date.

WHEREAS, RCW 35.92.025 expressly authorizes local governments to charge property owners connecting to a municipality's water or storm and sanitary sewerage system such charges as to ensure property owners bear their proportional share of the cost of the system; and

WHEREAS, the City of Bellevue imposes and collects such charges pursuant to the aforementioned statute in order that each utility shall remain self-supporting, and that growth pays for growth; and

WHEREAS, these charges can increase the cost of construction for shelters and affordable housing projects; and

WHEREAS, RCW 35.92.380 expressly authorizes local governments to waive or delay collection of such connection charges for low income persons that seek to connect to lines or pipes used by the municipality to provide utility water, sanitary, and storm sewer service; and

WHEREAS, the City of Bellevue has not adopted an ordinance allowing it to waive or delay the collection of said charges; and

WHEREAS, from time to time non-utility revenues may be available to reimburse local governments if and when they elect to waive utility connection charges; and

WHEREAS, it is the policy of the City of Bellevue to facilitate the construction of shelters and affordable housing projects while still maintaining a self-sufficient and adequately funded utility system;

WHEREAS, BCC 24.02.275 prescribes that capital recovery charges shall be placed on affected properties as a monthly charge over a ten-year period, but it does not allow property owners the choice to pay in full the remaining balance of the charge if so desired; and

WHEREAS, other local governments provide property owners subject to capital recovery charges with the option to pay in full the remaining balance of the capital recovery charge at any time; and

WHEREAS, providing property owners with the flexibility to pay in full the balance of any capital recovery charge may improve customer satisfaction and aid in the timely collection and credit of the charges;

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

Section 1: Bellevue City Code 24.02.260 is amended to read as follows:

**BCC 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 and the utility's share of the cost of any regional water supply system providing water supply to the utility.
2. Connection charges shall be paid:
  - a. Before a property is allowed to connect to the public water system; and/or
  - b. At the time of redevelopment 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 a LID or ULID shall not be reassessed.
4. The utility may enter into contracts with property owners of 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 director or his/her designee 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 LID or ULID. 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 10 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 10 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. Any connection charge as provided in subsections A and B of this section may be waived with respect to construction of shelters or affordable housing projects as found by the director, provided there is non-utility revenue available to reimburse the city for the charges waived.
- ~~C.~~ D. Administrative Procedures – Adjustment of Charges. The director is authorized to adopt administrative procedures for the purposes of administering the provisions of this section, and to adjust the charges established by subsections A and B of this section from time to time to reflect the actual cost of the facilities for which the charges are made.

Section 2: Bellevue City Code 24.02.275 is amended to read as follows:

**BCC 24.02.275 Capital recovery charges.**

- A. 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 public water system bears its equitable share of the cost of said system.
- B. Right-of-way and unirrigated nonbuilding tracts shall be exempt from the capital recovery charge.
- C. 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.
- D. The capital recovery charge shall be placed on affected properties as a monthly charge for a period of 10 years. Affected property owners, at their discretion, may pay the remaining balance of the charge in full, hereinafter the "remaining balance due", at any time. In accordance with subsection C of this section, the remaining balance due shall be the sum of all remaining payments less the amounts previously paid within the applicable ten-year period, discounted by the amortization rate.
- E. The director or his/her designee is authorized to adjust the capital recovery charge value based upon updated values of the above-described elements.
- F. Any capital recovery charge as provided in this section may be waived with respect to construction of shelters or affordable housing projects as found by the director, provided there is non-utility revenue available to reimburse the city for the charges waived.

Section 3: This ordinance shall take effect and be in force five (5) days after passage and legal publication.

Passed by the City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2022, and signed in authentication of its passage this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

(SEAL)

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\_\_\_\_\_, Mayor

Approved as to form:  
Kathryn L. Gerla, City Attorney

\_\_\_\_\_  
Brian Wendt, Assistant City Attorney

Attest:

\_\_\_\_\_  
Charmaine Arredondo, City Clerk

Published: \_\_\_\_\_