

**CITY OF MARYSVILLE AGENDA BILL**

**EXECUTIVE SUMMARY FOR ACTION**

**CITY COUNCIL MEETING DATE: 06/27/2016**

<b>AGENDA ITEM:</b>	
Ordinance Amending MMC 14.07.010 Capital Improvement Charges	
<b>PREPARED BY:</b>	<b>DIRECTOR APPROVAL:</b>
Matthew Eyer, Surface Water Specialist	
<b>DEPARTMENT:</b>	
Public Works	
<b>ATTACHMENTS:</b>	
Ordinance No. _____	
<b>BUDGET CODE:</b>	<b>AMOUNT:</b>
N/A	N/A
<b>SUMMARY:</b>	

As part of the City's current Surface Water Comprehensive Plan Update, commercial utility rates and utility capital improvement charges were reviewed. This review indicated the need for a more comprehensive analysis and a possible restructuring of the capital improvement charges. The review also identified that the current water connection charge for warehouse space was significantly higher than surrounding jurisdictions indicating that it may not adequately take into consideration that warehouse space could have less impact than other uses. The review suggested that an adjustment of the water connection fee for warehouse space could be made using the sewer connection fee table ratio which takes into consideration the lesser impact of warehouse space. This adjustment would make the warehouse water capital improvement charge more in line with neighboring jurisdictions until a complete review of these charges can be done.

This adjustment would make the warehouse capital improvement charge equal 29.3 percent of the square foot cost for other customers. Inside the city limits, the warehouse water capital improvement charge would be \$0.48/building square feet. Outside the City limits, the unit cost would be \$0.65/building square foot.

<b>RECOMMENDED ACTION:</b> Staff recommends that Council authorize the Mayor to sign and execute the attached ordinance amending MMC 14.07.010 Capital Improvement Charges.
--

**CITY OF MARYSVILLE  
Marysville, Washington**

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

**AN ORDINANCE OF THE CITY OF MARYSVILLE, WASHINGTON,  
RELATED TO CAPITAL IMPROVEMENT CHARGES AND AMENDING  
MMC 14.07.010.**

**WHEREAS**, the City is authorized under RCW 35.92 to establish and maintain water and sewer systems and establish rates for those services; and

**WHEREAS**, RCW 35.92.025 authorizes the legislative body of a city to enact charges to property owners seeking to connect to the water and sewerage system of a city as a condition to granting the right to so connect; and to establish and maintain water and sewer systems and establish rates or charges for those services; and

**WHEREAS**, RCW 35.92.025 also authorizes the imposition of such reasonable connection charges as the legislative body of a city shall determine proper so that property owners bear their equitable share of the cost of the city's sewer and water utility system; and

**WHEREAS**, through City staff's work with an outside consultant staff became aware that the City's capital improvement charge for warehouse uses was disproportionately high relative to a warehouse use's impact on the City's distribution systems; and

**WHEREAS**, City staff verified that warehouse uses have a disproportionately small impact on the City's system relative to other commercial and industrial uses and that the reduced warehouse connection rate for sewer connections was more appropriate for warehouse water connections; and

**WHEREAS**, the City Council has determined that the water capital improvement charge for warehouses is unique and warrants a new and separate classification based on previously established and adopted sewer use relationships until a comprehensive review can be provided for;

**NOW THEREFORE**, the City Council of the City of Marysville, Washington do ordain as follows:

**Section 1. Amendment.** Section 14.07.010 of the Marysville Municipal Code is hereby amended to read as follows:

**14.07.010 Capital improvement charges.**

(1) Capital improvement charges shall be assessed on all new connections to the water, sewer and storm water systems. Capital improvement charges shall also be assessed for a remodel or expansion of an existing building or use. For purposes of this section, an "existing building or

use” shall mean all commercial or industrial buildings or uses, churches, schools or similar uses, and all residential buildings or uses where a remodel or expansion increases the number of dwelling units. The capital improvement charge constitutes an equity payment by new and existing customers for a portion of the previously existing capital assets of the system. Capital improvement charges also constitute a contribution to a long-term capital improvement program for the utility system which includes acquisition of new or larger water sources, construction of water storage and transmission facilities, and construction of sewer and storm water trunk lines and treatment facilities. Capital improvement charges shall be paid in full before a new connection or expansion or remodel to an existing building or use shall be approved. All payments shall be deposited in the utility construction fund and shall be made prior to building permit issuance for residential construction and prior to issuance of a certificate of final occupancy for commercial/industrial construction.

~~(2) Deferral of Connection Charges Allowed:~~

~~(a) Payment of required connection charges may be deferred to final inspection for single-family residential dwelling or multifamily projects with 25 or fewer units.~~

~~(b) Payment of required connection charges for a commercial building, industrial building, or a multifamily development exceeding 25 units may be deferred from the time of building permit issuance in accordance with the following:~~

~~(i) Fifty percent of the connection charges shall be paid prior to approved occupancy of the structure; and~~

~~(ii) The remaining 50 percent of the connection charges shall be paid within 18 months from the date of building occupancy, or when ownership of the property is transferred, whichever is earlier.~~

~~(c) The public works department shall allow an applicant to defer payment of the connection charges when, prior to submission of building permit application for subsection (2)(b) of this section or prior to final inspection for subsection (2)(a) of this section, the applicant:~~

~~(i) Submits a signed and notarized deferred connection charge application together with a \$200.00 processing fee and acknowledgement form for the development for which the property owner wishes to defer payment of the charges; and~~

~~(ii) With regard to payment deferment under subsection (2)(b) of this section, records a lien for connection charges against the property in favor of the city in the total amount of all deferred connection charges for the development. The lien for connection charges shall:~~

~~(A) Be in a form approved by the city attorney; and~~

~~(B) Include the legal description, tax account number and address of the property.~~

~~(d) Upon receipt of final payment of all deferred charges for the development the director of the public works department shall execute a separate lien release for the property in a form approved by the city attorney. The property owner, at their expense, will be responsible for recording each lien release.~~

~~(e) In the event that the connection charges are not paid in accordance with subsection (2)(b) of this section, the city shall institute foreclosure proceedings in accordance with state law and as provided herein. In addition to any unpaid collection charges, the city shall be entitled to interest on the unpaid impact fees at the rate provided for in RCW 19.52.020 or as otherwise allowed by law and the reasonable attorney fees and costs incurred by the city in the foreclosure process. Notwithstanding the foregoing, prior to commencement of foreclosure, the city shall give not less than 30 days' written notice to the person or entity whose name appears on the assessment rolls of the county assessor as owner of the property via certified mail with return receipt requested and regular mail advising of its intent to commence foreclosure proceedings. If the connection charges are paid in full to the city within the 30-day notice period, no attorney fees, costs and interest will be owed.~~

~~(f) In the event that the deferred connection charges are not paid in accordance with this section, and in addition to foreclosure proceedings provided in subsection (2)(e) of this section, the city may initiate any other action(s) legally available to collect such connection charges.~~

~~(g) Compliance with the requirements of the deferral option shall constitute compliance with the conditions pertaining to the timing of payment of the connection charges.~~

~~(h) The deferred payment options set forth in this section shall automatically terminate three years from the effective date of the ordinance codified in this section without further action of the city council.~~

(32) The following capital improvement charges are established:

<b>Residential Units</b>						
<b>Connection Charges</b>						
<b>Type of Connection</b>		<b>City Water</b>	<b>Outside Water</b>	<b>City Sewer</b>	<b>Outside Sewer</b>	<b>Storm Water</b>
Residential*						
Effective Date	1/1/2005	\$3,675	\$4,305	\$3,120	\$3,495	
	1/1/2006	\$4,750	\$5,490	\$4,490	\$4,890	
	1/1/2011					\$95.00
Multifamily Residential**						
Effective Date	8/1/2012 through 8/1/2015	\$3,000	\$5,490	\$3,000	\$4,890	

\*Residential living units include multi-unit housing and mobile homes for the purpose of water and sewer charges. For the purpose of the storm connection charge, only single-family units will be charged a flat fee; all other land uses will be charged based on the equivalent residential unit (ERU), as described below.

\*\*The connection charges for multifamily residential development shall be in effect for a three-year period from August 1, 2012, through August 1, 2015. Thereafter, the connection charges for multifamily residential development shall be the same as the connection charges for residential development.

<b>Commercial/Industrial</b>					
<b>Connection Charges</b>					
<b>Water</b>					
<b>City</b>			<b>Outside City</b>		
<b>Effective Date</b>	<b>1/1/2005</b>		<b>Effective Date</b>	<b>1/1/2005</b>	
0 – 2,000 gpm	\$1.64/sf		0 – 2,000 gpm	\$1.99/sf	
2,001 – 4,000 gpm	\$2.40/sf		2,001 – 4,000 gpm	\$2.87/sf	
4,001+ gpm	\$3.16/sf		4,001+ gpm	\$3.80/sf	

<b><u>Warehouses</u></b>				
<b><u>City</u></b>			<b><u>Outside</u></b>	
<b><u>Effective Date</u></b>	<b><u>7/15/2016</u></b>		<b><u>Effective Date</u></b>	<b><u>7/15/2016</u></b>
<b><u>Warehouses/Storage</u></b>	<b><u>\$0.48/sf</u></b>		<b><u>Warehouses/Storage</u></b>	<b><u>\$0.65/sf</u></b>

25% rate reduction for automatic sprinkler system.

<b>Sewer</b>			
<b>City</b>		<b>Outside City</b>	
<b>Effective Date</b>	<b>1/1/2005</b>	<b>Effective Date</b>	<b>1/1/2005</b>
Retail Sales/Manufacturing/ Churches/Schools/Day Care	\$1.03/sf	Retail Sales/Manufacturing/ Churches/Schools/Day Care	\$1.24/sf
Offices/Medical/Dental/Nursing Homes and all other uses not listed	\$1.67/sf	Offices/Medical/Dental/Nursing Homes and all other uses not listed	\$2.00/sf
Warehouses/Storage	\$0.49/sf	Warehouses/Storage	\$0.65/sf
Restaurants/Taverns	\$2.38/sf	Restaurants/Taverns	\$2.86/sf

25% rate reduction for schools without kitchens.

<b>Storm Water</b>	
<b>Effective Date</b>	<b>1/1/2011</b>
1 ERU*	\$95.00

\*An equivalent residential unit (ERU) equals 3,200 square feet of impervious surface area. Nonresidential projects will be charged \$95.00 per ERU. See Chapter [14.19](#) MMC for definitions.

<b>Water Service Installation Fee</b>	
<b>Effective Date</b>	<b>11/1/2006</b>
5/8" x 3/4"	\$1,050
3/4" x 3/4"	\$1,075
1"	\$1,200
1-1/2"	\$1,600
2"	Time and materials costs/ minimum of \$1,900

<b>Drop-in Meter Fee</b>	
<b>Effective Date</b>	<b>11/1/2006</b>
5/8" x 3/4"	\$500.00
3/4" x 3/4"	\$525.00
1"	\$560.00
1-1/2"	\$750.00
2"	\$850.00
3" and over	Charge time and material/ \$3,500 minimum

<b>Hotel/Motel Connection Charges</b>					
		<b>City Water</b>	<b>Outside Water</b>	<b>City Sewer</b>	<b>Outside Sewer</b>
Effective	1/1/2005	\$1,405	\$1,646	\$1,193	\$1,336
Date	1/1/2006	\$1,816	\$2,099	\$1,717	\$1,870

(43) “Floor space” is defined as the net square footage measured from the interior walls, including interior partitions.

(54) The capital improvement charges for sewer connections shall be reduced by \$50.00 per unit or \$0.045 per square foot when the affected property participated in a utility local improvement for the construction of the sewer main.

(65) Capital improvement charges for sewer connections to commercial and industrial units shall be reduced by 50 percent for any floor space in the premises which is committed to being used as warehouse space for storage purposes only.

(76) If the use of any premises connected to city utilities is converted from a residential occupancy to a commercial or industrial occupancy (as defined in subsection (3) of this section), or from a warehouse use to an active commercial or industrial use, the owner of the premises shall immediately report such conversion to the city and shall pay the extra capital improvement charge which is then required for such an occupancy. Failure to report such a conversion, and pay the extra charge, within 90 days of the new occupancy shall result in the extra charge being doubled as a penalty.

(87) The capital improvement charge for utility connections in recreational vehicle parks shall be calculated as follows:

- (a) For each connection to a recreational vehicle pad, the charge shall be 50 percent of the charge provided in subsection (3) of this section relating to residential living units.
- (b) For every other connection in a recreational vehicle park, the charge shall be the same as provided in subsection (3) of this section for residential living units.

(98) If a building with a lawful water and/or sewer connection to the city utility system is demolished and replaced with a new building requiring utility connections, the capital improvement charges assessed for the new connections shall be discounted by the amount which would have been paid, under current schedules, for the connections which previously served the demolished building.



**Section 2. Severability.** If any section, subsection, sentence, clause, phrase, or word of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, subsection, sentence, clause, phrase, or word of this ordinance.

**Section 3. Effective Date.** This ordinance shall become effective five days after the date of its publication by summary.

PASSED by the City Council and APPROVED by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

CITY OF MARYSVILLE

By \_\_\_\_\_  
Jon Nehring, Mayor

ATTEST:

By \_\_\_\_\_  
April O'Brien, Deputy City Clerk

Approved as to form:

By \_\_\_\_\_  
Jon Walker, City Attorney

Date of Publication: \_\_\_\_\_

Effective Date: 7/15/16