



**CITY OF STANWOOD  
FINANCE COMMITTEE  
AGENDA STAFF REPORT**

<p><b>SUBJECT: Proposed Rate Increases: business licenses and utility connection/disconnection fees</b></p>	<p><b>FOR AGENDA OF: July 25, 2013</b></p> <p><b>DEPARTMENT OF ORIGIN: Finance</b></p> <p><b>DATE SUBMITTED: June 27, 2013</b></p>
<p><b>ATTACHMENT(S):</b></p> <p><b>Attachment A – Survey of Administrative Rates and Fees</b></p> <p><b>Attachment B – Statewide Business License Fees</b></p> <p><b>Attachment C – Department of Revenue Master Business License Presentation</b></p> <p><b>Attachment D – September 8, 2011 Agenda Staff Report for Proposed Ordinance No. 1295</b></p> <p><b>Attachment E – Water Utility, City of Stanwood Miscellaneous Fees Cost of Service Survey</b></p>	<p><b>CLEARANCES: (check box)</b></p> <p><input type="checkbox"/> City Attorney _____</p> <p><input type="checkbox"/> City Clerk/HR _____</p> <p><input type="checkbox"/> Community Development _____</p> <p><input type="checkbox"/> Fire _____</p> <p><input type="checkbox"/> Finance _____</p> <p><input type="checkbox"/> Police _____</p> <p><input type="checkbox"/> Public Works _____</p> <p><b>APPROVED FOR SUBMITTAL BY THE CITY ADMINISTRATOR: _____</b></p>
<p><b>COST OF PROPOSAL: N/A</b></p>	<p><b>AMOUNT BUDGETED: N/A</b></p>

**ISSUE**

Should the city consider increasing business license and utility connection/disconnection fees?

**SUMMARY STATEMENT**

At the May 23, 2013 finance committee meeting, the committee directed staff to review city fees.

Staff recently conducted a survey (Attachment A) of certain administrative rates and fees as compared to other local municipalities, including:

- Snohomish County
- Skagit County
- Arlington

- Sultan

For the most part, Stanwood’s administrative rates and fees appear to be in line, with the exception of business licenses (Attachment B) and utility connection/disconnection fees, which are substantially less than neighboring districts, Skagit County and Sultan.

**DISCUSSION**

**1. Business Licenses**

Since 2007, the city has collected business license revenues through the Department of Revenue’s (DOR) automated Master License Service (MLS). MLS was created by the state to streamline business licensing and registration. Through an on-line application process, businesses can apply for multiple licenses (if they do business in more than one location) with just a single payment. Revenues are collected by DOR and forwarded to the city several times each month. DOR charges applicants a one-time master processing fee and annual renewal fees to cover its cost of operations, so that the city receives the full amount (\$35) for each business license fee. The attached DOR presentation (Attachment C) describes the MLS program and its benefits in greater detail.

*Table 1 – Impact of Business License Rate Increase*

<b>Estimates charging a higher rate for all businesses:</b>	<b># Licenses</b>	<b>Rate</b>	<b>Total Revenue</b>	<b>Additional Revenue</b>
Revenue at \$35 (current rate)	1000	\$ 35.00	\$ 35,000.00	
Revenue at \$50	1000	\$ 50.00	<b>\$ 50,000.00</b>	<b>\$ 15,000.00</b>
<b>Estimates charging a higher rate for out of city businesses:</b>				
\$35 within city	420	\$ 35.00	\$ 14,700.00	
\$50 outside city	580	\$ 50.00	\$ 29,000.00	
	1000		<b>\$ 43,700.00</b>	<b>\$ 8,700.00</b>

There are pros and cons to the proposed increase in annual business license fees from \$35 to \$50. On the positive side, the city would benefit from the increased revenues which could be used to fund economic development efforts; however, affected businesses would have to pay an additional \$15 per year.

A business license rate increase from the current \$35 annual fee to \$50 would generate an additional \$15,000 in revenues if applied to all business licenses, and an additional \$8,700 if applied to just businesses outside of city limits. Individual businesses would pay \$50 per year, which is slightly above the \$49 statewide average.

The survey agencies have business license fees ranging from \$0 (counties) to \$120 (Mount Vernon). City staff recommend funding economic development efforts such as signs, banners, holiday promotions and outreach with the extra \$15,000 raised by the fee increase.

## 2. Connection/Disconnection Fees

On September 8, 2011 council adopted Ordinance No. 1295 adopting non-sufficient funds (NSF) and water connection/disconnection fees; the related agenda staff report is included (Attachment D). While the NSF fee was increased to \$40 to nearly offset the cost of service, the water connection/disconnection fees were adopted at rates substantially less than the city's actual cost.

As a part of their December 2010 water/sewer rates and charges study, FCS Group conducted an analysis of the city's cost of providing non-sufficient funds (NSF) and connection/disconnection services (Attachment E). A summary of their findings is presented below:

*Table 2 - Miscellaneous Fees Cost of Service Study*

Water Utility Miscellaneous Fee	Municipal Code Citation	Current Fee	Updated Unit Cost of Fee Service		
			Labor	Non-Labor	Total Cost of Fee Service
Service Restoration Charge (Water Turn-on)	12.20.020 (2)	\$ 25.00	\$ 42.21	\$ 6.00	\$ 48.21
Termination of Service (Water Turn-off)	12.20.030	not specified	\$ 42.21	\$ 6.00	\$ 48.21
After Hours Turn-On/Turn Off Charge	Proposed	n/a	\$ 126.62	\$ 6.00	\$ 132.62
Insufficient Funds (NSF)	12.20.020 (4)	\$ 20.00	\$ 33.92	\$ 8.50	\$ 42.42

Source: Appendix C – FCS Group Water / Sewer Rates and Water Study (December 2010)

Using the same formulas as FCS Group and updating for increased labor and non-labor costs yields the following current cost of providing services:

*Table 3 - Miscellaneous Fees Cost of Service (Updated 2014)*

Water Utility Miscellaneous Fee	Municipal Code Citation	Current Fee	Updated Unit Cost of Fee Service		
			Labor	Non-Labor	Total Cost of Fee Service
Service Restoration Charge (Water Turn-on)	12.20.020 (2)	\$5.00 - \$20.00	\$ 49.22	\$ 6.50	\$ 55.72
Termination of Service (Water Turn-off)	12.20.030	\$5.00 - \$20.00	\$ 49.22	\$ 6.50	\$ 55.72
After Hours Turn-On/Turn Off Charge	Proposed	\$ 75.00	\$ 131.42	\$ 9.50	\$ 140.92
Insufficient Funds (NSF)	12.20.020 (4)	\$ 40.00	\$ 37.36	\$ 9.25	\$ 46.61

The above fees were updated by applying the same formula used by the FCS Group in their original analysis, but applying 2014 salary and benefits to labor, and applying a 9% CPI adjustment to non-labor to approximate inflation over the past four (4) years.

Table 4 summarizes NSF and connect/disconnect fees charged to city customers in 2012.

*Table 4 – Summary of 2012 NSF and Connect/Disconnect Fees*

Description	Rate	Quantity	Total Charges
NSF	\$ 40.00	39	\$ 1,560.00
<b>Connection</b>			
Voluntary	\$ 5.00	11	\$ 55.00
Involuntary	\$ 15.00	2	\$ 30.00
Involuntary Frequent	\$ 30.00	7	\$ 210.00
Special Trip	\$ 20.00	42	\$ 840.00
<b>Disconnection</b>			
Voluntary	\$ 5.00	22	\$ 110.00
Involuntary	\$ 15.00	1	\$ 15.00
Involuntary Frequent	\$ 30.00	205	\$ 6,150.00
Special Trip	\$ 20.00	5	\$ 100.00
Double Charges	\$ 60.00	91	\$ 5,460.00
<b>Total Connect/Disconnect Fees</b>		<b>386</b>	<b>\$ 12,970.00</b>

Based on 386 connections/disconnections per year, the city would charge \$21,230 per year under the proposed new connection/disconnection fees of \$55.00 (386 X \$55 = \$21,230). Under the current system, the city is receiving \$12,970. Based on the same level of activity, implementing the proposed \$55.00 connection/disconnection fees would raise an additional \$8,260 per year to offset the actual cost of providing connection/disconnection services. Currently these costs are borne by all ratepayers, rather than the customers who actually incur them.

**RECOMMENDATION**

In order to align business licenses with the state average and recover the actual costs of providing connection/disconnection services, staff recommends the following rate adjustments effective January 1, 2014:

Description	Current Rate	Proposed Rate	Change
Business License	\$ 35.00	\$ 50.00	\$ 15.00
<b>Connection/Disconnection Fees</b>			
Voluntary (scheduled by the city)	\$ 5.00	\$ 27.50	\$ 22.50
Involuntary (delinquent, non-payment, NSF, etc.)	\$ 15.00	\$ 55.00	\$ 40.00
Involuntary Frequent	\$ 30.00	\$ 55.00	\$ 25.00
Special Trip (by appointment)	\$ 20.00	\$ 55.00	\$ 35.00
After Hours (after 4:30 pm, weekends, holidays)	\$ 75.00	\$ 140.00	\$ 65.00

Survey of Administrative Rates and Fees

	Stanwood	Mount Vernon	Arlington	Skagit County	County	Sultan	Comments
<b>Licensing</b>							
<b>Business</b>	\$ 35.00	\$30-\$120	\$ 60.00			\$ 50.00	Arlington: \$20 out of city business
Merchant	\$ 35.00	grp	\$ 25.00				group, \$30 for multiple events
Solicitors	\$20 per person		\$ 25.00				
Vending	\$ 45.00						
solicitations	\$ 45.00						
Special Event	concessionaire	w/in 30 days	costs of service	\$ 500.00			Mt Vernon: \$10 Block party fee
Taxicab	driver	vehicle	vehicle				
<b>Dog License</b>							
Annual	\$ 25.00	\$ 50.00	\$ 20.00	n/a	\$ 40.00	\$ 36.00	Arlington: \$5 sr rate, \$10 late fee
Altered Annual	\$ 5.00	no fee	\$ 10.00		\$ 20.00	\$ 14.00	
tag	\$ 3.00		\$ 5.00		\$ 10.00	\$ 5.00	
Dog	\$ 25.00			\$100 - \$200			\$100/Danger \$200
Lifetime	\$ 80.00						
Lifetime	\$ 30.00						
shelters,	\$ 25.00						
<b>Control Fees</b>							
Impound costs	\$ 50.00					\$30-\$110	
Livestock	\$ 100.00						
<b>Entertainment</b>							
Processing fee	\$ 125.00	N/A	N/A				
fee	\$ 300.00						
Escorts License	\$ 125.00						
Escorts License	\$ 200.00						
Oriented	\$ 125.00						
License	\$ 500.00		\$ 75.00				Arlington: all cabarets
business	\$ 300.00						
<b>Standing,</b>							
Civil Infraction	\$ 35.00					\$23-\$47	
violation	\$ 350.00					\$ 250.00	
<b>Franchises</b>							
Stands	retail license				\$ 100.00		
Display					\$ 103.00		
<b>Utility Fees</b>							
NSF	\$ 40.00			\$ 25.00		\$ 35.00	
<b>Fees</b>							
<b>Voluntary</b>	\$ 5.00			\$ 50.00		\$ 50.00	
<b>Involuntary</b>	\$ 15.00					\$ 50.00	
<b>Special Trip</b>	\$ 20.00						
<b>After hours</b>	\$ 75.00			\$ 160.00		\$ 100.00	\$190
Copies	.15 per copy					\$ 0.15	
City Dock	per ft weekly						
Parking	as established						
Notary	\$10 per stamp			\$ 5.00		document	

*Statewide Business License Fees*

<b>City business license fees as of 6/1/2013 (that contract with BLS)</b>	
<b>City</b>	<b>Fee</b>
Millwood (located inside city limits only)	\$5
Maple Valley (located inside city limits only)	\$10
Spokane Valley	\$13
Pullman (located inside city limits only)	\$15
Sammamish	\$15
Clyde Hill	\$25
Selah	\$25
Sultan	\$25
Washougal	\$25
Liberty Lake	\$26
Port Townsend	\$28
Anacortes	\$30
Connell	\$30
Gig Harbor	\$30
Newcastle	\$31
Edgewood	\$35
Port Orchard	\$35
Sedro Woolley	\$35
Stanwood	\$35
Bellingham	\$40
Gold Bar	\$40
Lake Stevens	\$40
Ruston	\$40
Shoreline	\$40
Sumner	\$40
West Richland	\$40
West Richland	\$40
Granite Falls	\$45
Eatonville	\$50
Enumclaw	\$50
Longview	\$50
Marysville	\$50
Monroe (located inside city limits only)	\$50
Prosser	\$50
Sequim	\$50
Skykomish	\$50
Tumwater	\$50
University Place	\$50
Duvall	\$55
Bonney Lake (located inside city limits only)	\$60
Covington	\$60
Issaquah	\$60
Poulsbo	\$65
Blaine	\$75
Buckley	\$75
Carnation	\$75
DuPont	\$75
Fircrest	\$75
Olympia	\$80
Bellevue	\$85
Milton	\$88
Leavenworth	\$115
Ilwaco	\$125
Long Beach	\$125
<b>Average Fee:</b>	<b>\$49</b>

### Get on Board the Master License Service



Presentation to  
City of Stanwood  
May 2007

2.3% CREDIT CARD  
TRANS FEE

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### Once upon a time...



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### ...so what is MLS?

MLS is an innovative effort to streamline business licensing and registration.

It uses one application, one check and one license to apply for many licenses at the same time.



*This "Combined Licensing" represents nine different state agencies, 14 cities and more than 100 different business licenses.*

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## One Stop Shopping for Your Licensees

- Save time by obtaining multiple licenses in one place.
- Easy to obtain information and forms using the MLS call center and online services.



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## Benefits to You



- Save staff time (clerical operations) and money (printing forms, mailing and postage).
- Simplify or improve internal licensing processes and fee structure.
- Take advantage of a multi-agency network that offers application sites statewide.

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## More Benefits to You

- Increase new business' compliance with your licensing requirements.
- Receive only complete fees and application information



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## The Application



*One application for each business location, one combined payment for the application*

- City addendum asks the most common questions cities are interested in.
- Customer pays a \$15 Master License processing fee in addition to any license or registration fees

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## Licensing process

- MLS issues a single license document to a business on behalf of licensing agencies.
- Each license is printed as a line item "endorsement."



*Licensing agencies retain full regulatory control over their license; they approve or deny the applicant as appropriate.*

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## Renewals



*Expiration dates are spread through the year, but a business owner renews all locations in the same month.*

- The combined license is given a single expiration date for all renewable licenses.
- MLS issues a single, annual renewal notice for each business location.
- The customer pays appropriate license fees plus a \$9 renewal processing fee each year for each location renewed.

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## Incomplete Application?

- MLS pursues missing, required information.
- MLS pursues insufficient payment and NSF checks.



*MLS works with each licensing partner to best determine how to meet their needs, while keeping the process simple.*

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## Record Keeping



*If needed a copy can be made from the image and MLS will certify it. MLS can also produce "hard copies" of Internet filings.*

MLS makes an electronic, digital image of all documents, keys information into the database, sends information to partners electronically, and shreds the original documents.

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## How do you become a partner?

- Signed agreement
- Review code, forms
- Records of existing licensees are added to the MLS database.



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### Is there help to get going?



*If a city has barriers to becoming a partner they may now apply to MLS for funds under a new state grants program.*

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### Are there ongoing costs?



*There are minor costs related to accessing the MLS computer system (about \$20-\$40 per month).*

- Most of the time there is no additional cost to become or stay a partner.
- You need to cover costs of credit card fees for on-line transactions or for non-standard reports you might ask MLS to provide.

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### What reports do you get?

Standard reports include:

- Information on new applications
- Funds transmitted
- Pending accounts
- Delinquent accounts



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## What other cities are partners?



*"Joint licensing makes compliance easier."*

Anacortes	Richland
Bellevue	Sammamish
Duvall	Skykomish
Gig Harbor	Spokane Valley
Issaquah	Sultan
Marysville	Tumwater
Monroe	Zillah

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## What the cities say...

*"Using the state system saves time and money."*

*"A win-win situation."*

*"One stop allows citizens to obtain two or more licenses and the city doesn't need to create a duplicate system."*



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## Everybody's a winner!



*MLS fulfills the vision of making government more efficient and business-friendly.*

**You:** save time and money

**Customers:** find that applying for licenses gets easier.

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## Who do you contact?

Steve Boruchowitz  
Outreach & Marketing  
Manager

(360) 664-1572

[GetonBoard@dol.wa.gov](mailto:GetonBoard@dol.wa.gov)

<http://www.dol.wa.gov/about/grantprogram.html>

<http://www.dol.wa.gov/business/file.html>

Nancy Skewis  
MLS Administrator  
PO Box 9034

(360) 664-1446

[nskewis@dol.wa.gov](mailto:nskewis@dol.wa.gov)

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**CITY OF STANWOOD  
CITY COUNCIL  
AGENDA STAFF REPORT**

<b>SUBJECT:</b> <b>Proposed Ordinance 1295 – Adjusting rates to be charged for non-sufficient funds and service restoration, revising the utility billing policy and amending Section 3.30.150 and Chapter 12.20 of the Stanwood Municipal Code.</b>	<b>FOR AGENDA OF: September 8, 2011</b>  <b>DEPARTMENT OF ORIGIN: Finance</b>  <b>DATE SUBMITTED: August 26, 2011</b>  <b>CLEARANCES:(check box)</b> <input checked="" type="checkbox"/> <b>City Attorney</b> _____ <input type="checkbox"/> <b>City Clerk</b> _____ <input type="checkbox"/> <b>Community Development</b> _____ <input type="checkbox"/> <b>Fire</b> _____ <input type="checkbox"/> <b>Finance</b> _____ <input type="checkbox"/> <b>Human Resources</b> _____ <input type="checkbox"/> <b>Police</b> _____ <input type="checkbox"/> <b>Public Works</b> _____
<b>ATTACHMENT(S):</b> <b>Proposed Ordinance 1295</b>	<b>AMOUNT BUDGETED: Not included in 2011.</b>
<b>COST OF PROPOSAL: Potential increase in delinquent fee revenue</b>	

**SUMMARY STATEMENT**

The current Stanwood Municipal Code (SMC) Section 3.30.150 Finance and utility fees and Chapter 12.20 Utility Billing Regulations currently set the rates and policy for billing and collecting of fees. Adoption of Ordinance 1295 will help the city align its charges for disconnection and reconnection of water, non-sufficient funds and customer initiated services with its cost to provide such services.

**DISCUSSION**

It is a good policy to periodically review water and sewer rate charges providing the city with a multi-year financial plan that determines the amount of revenue necessary each year to meet all utility financial obligations. In 2010, FCS Group worked with the city on a water and sewer rate study that recommended both across the board water and sewer rate increases and a cost of service study on miscellaneous fees. Council adopted the recommended water increase and sewer cost of service rate structure at the December 9, 2010. At that time, the miscellaneous fees cost of service study was not ready for review or adoption. The public hearing to discuss, and hear public comment on, the proposed miscellaneous fee increase was held on June 9, 2011.

There was no citizen input at that time. At the June 23<sup>rd</sup> Council Meeting, council requested that it go back before the Finance Committee for further review.

The miscellaneous fees cost of service study prepared by FCS Group analyzed the cost to the utilities to provide such services as service restoration and termination and insufficient funds notification. The standard practice is to base fees on the average cost to the utility to provide each service. In some situations it may cost the utility more and in others it may cost less. The chart below is a comparison of the current fees, the cost to provide the service and the Finance Committee's recommended fees.

**Section 3.30.150 Finance and utility fees**

	<b>Current Fee</b>	<b>Cost of Service</b>	<b>Recommended Fee</b>
Non-sufficient funds (NSF)	\$20.00	\$ 42.42	\$40.00
<b>Water Disconnection Charges</b>			
Voluntary	\$ 0.00	\$ 14.36	\$ 5.00
Involuntary	\$ 0.00	\$ 48.21	\$15.00
Special Trip	\$ 0.00	\$ 36.00	\$20.00
After Hours	\$ 0.00	\$132.62	\$75.00
<b>Water Reconnection Charges</b>			
Voluntary	\$ 0.00	\$ 14.36	\$ 5.00
Involuntary	\$25.00	\$ 48.21	\$15.00
Special Trip	\$ 0.00	\$ 36.00	\$20.00
After Hours	\$ 0.00	\$132.62	\$75.00
Meter Read Outside Read Cycle	\$ 0.00	\$ 36.00	\$15.00

**Chapter 12.20 Utility Billing Policy**

Proposed changes to the utility billing policy are a culmination of recommendations from the Finance Committee and the utility billing staff. They are as follows:

- SMC 12.20.010(1) –Change Bi-monthly billings to Billing statements.
- SMC 12.20.010(3) – Change 40 calendar days after mailing of bills to the date set forth on the billing.
- SMC 12.20.020(1) - Change 40 calendar days after mailing of bills to the date set forth on the billing and add lien language.
- SMC 12.20.020(2)(a) – Include language that would allow the city to add disconnection charges to SMC 3.30.150.
- SMC 12.20.020(2)(b) - Include language that would allow the city to add additional reconnection charges to SMC 3.30.150.
- SMC 12.20.020(2)(c) – Add a penalty doubling the disconnection and reconnection charge for being shut-off more than once in a 12 month period.

- SMC 12.20.020(3)(b) – Replace bona fide hardship language with customer in good standing for 12 months in regards to waiving of late penalties.
- SMC 12.20.020(4)(c) – Add language to allow charging for meter reads outside the regular read cycle.
- 12.20.030 – Include the city’s right to terminate water service and procedures for termination and disputes.
- SMC 12.20.060(2)(c) – Add language to prevent customer requests for reversals of prior leak adjustments.

### **FINANCIAL IMPACT**

The financial impact on the Water Fund could be a potential increase in delinquent fee revenues.

### **COMMITTEE RECOMMENDATION**

The Finance Committee met on April 11<sup>th</sup> to discuss the city’s current miscellaneous fees. During that meeting they reviewed the cost of service study prepared by FCS Group and the fees of comparable cities and utility districts. They requested that staff bring forward an ordinance that would allow for multiple disconnection and reconnection fees, a charge for mid-cycle meter reads, an increase of the non-sufficient funds charge and a waiver of penalties for an account in good standing for 12 months.

At their June 13<sup>th</sup> meeting, the Finance Committee took a second look at Ordinance 1295 taking into consideration councilmember’s concerns at the June 9<sup>th</sup> Council Meeting. The committee requested that staff provide council with examples of other agencies termination of service policies. These were provided to council at the June 23<sup>rd</sup> Council Meeting.

The Finance Committee met multiple times over the last couple of months to discuss councilmember’s concerns at the June 23<sup>rd</sup> meeting. They recommended that Ordinance No. 1296 be brought back before Council with the following changes:

- SMC 12.20.020(2)(d) – Added language to allow for temporary reconnection of services on a delinquent account for inspection related to pending home sale.
- SMC 12.20.020(3)(c) – Added language to allow waiver of disconnection and reconnection charges arising from an emergency.
- SMC 12.20.030(1)(d) and (e) – Removed (d) and (e)

### **CITY COUNCIL OPTIONS**

- Approve Ordinance 1295 amending Section 3.30.150 and Chapter 12.20 of the Stanwood Municipal Code adjusting rates to be charged for non-sufficient funds and service restoration and revising the utility billing policy.

- Approve Ordinance 1295 amending Section 3.30.150 and Chapter 12.20 of the Stanwood Municipal Code adjusting rates to be charged for non-sufficient funds and service restoration and revising the utility billing policy with the following changes\_\_\_\_\_.
- Postpone passing Ordinance 1295 and request that it be brought back at a later date for further discussion.
- Take no Action.

**RECOMMENDED MOTION**

- “I move to approve Ordinance 1295 amending Section 3.30.150 and Chapter 12.20 of the Stanwood Municipal Code adjusting rates to be charged for non-sufficient funds and service restoration and revising the utility billing policy.”

OR

- “I move to approve Ordinance 1295 amending Section 3.30.150 and Chapter 12.20 of the Stanwood Municipal Code adjusting rates to be charged for non-sufficient funds and service restoration and revising the utility billing policy with the following changes\_\_\_\_\_.”



Water reconnection charges:	
<u>Voluntary</u>	<u>\$ 5.00</u>
<u>Involuntary</u>	<u>\$15.00</u>
<u>Special trip</u>	<u>\$20.00</u>
<u>After hours</u>	<u>\$75.00</u>
<u>Meter read outside read cycle</u>	<u>\$15.00</u>
Utility billing web search fee	\$25.00

Section 2. SMC Chapter 12.20 entitled "Utility Billing Regulations" is hereby amended to read as follows:

**Chapter 12.20  
UTILITY BILLING REGULATIONS**

Sections:

- 12.20.010 Billing and payment policy.
- 12.20.020 Assessing fees and penalties for nonpayment and delinquency.
- 12.20.030 Termination of service.
- 12.20.040 Payment required before service restoration.
- 12.20.050 Lien rights.
- 12.20.060 Adjustment to bills.

**12.20.010 Billing and payment policy.**

- (1) ~~Bi-monthly~~ Billing statements ~~billings~~ shall be mailed to the address of the owner of the property being served by the utilities, as the address appears in the records of the city utility department. Upon written request of the owner, billing statements may be sent directly to the occupant of the property being served; however, in such cases the owner shall remain liable for payment of the bill, and the property shall remain subject to a lien for delinquent account.
- (2) All payments on utility bills shall be applied first to the sewer balance, second to the drainage balance, and third to the water balance. Penalties and other charges are allocated proportionately to each utility.
- (3) In the event that any fees or charges assessed for such services are not paid within ~~40 calendar days after mailing of the bills~~ the date set forth on the billing for such services, they shall be considered delinquent and shall automatically constitute a lien against the property to which the services were rendered. Such a lien, for up to four months of charges, shall encumber the property, and shall be the obligation of the owner of the property, its heirs, successors and assigns, until the same is paid in full. The city may enforce the lien by shutting off water and sewer service until

all delinquent and unpaid charges are paid in full; provided that discontinuance of service shall be subject to the provisions SMC 12.20.030.

**12.20.020 Assessing fees charges and penalties for nonpayment, disconnection and reconnection and delinquency.**

(1) Delinquency.

A utility account is considered delinquent when the customer or occupant receiving the service fails to pay the utility charges within the date set forth on the billing for such services. 40 calendar days after the billing date.

Termination of service does not relieve customer of the obligation to pay delinquent accounts and charges.

(2) Disconnection and reconnection charges. Service restoration charge.

(a) There shall be a shutoff charge assessed for each voluntary or involuntary discontinuance of service; provided, that the shutoff charges shall be more if the utility department is required to make a special trip for a single account. The disconnection charges are set forth in SMC 3.30.150.

(b) There shall be a reconnection charge assessed for each reconnection; provided, that the reconnection charge shall be more if the utility department is required to make a special trip for one account. The reconnection charges are set forth in SMC 3.30.150. If a customer insists upon a reconnection after 4:30 p.m. on weekdays, weekends or holidays, the fee for such after-hours reconnection is set forth in SMC 3.30.150.

(c) If service is shut off by reason of an account being delinquent at a single premises more than once within a 12 month period, the shutoff and reconnection charges after the first time during the 12 month period shall be doubled.

(d) If service has been terminated for delinquent and unpaid charges, temporary restoration will be allowed for inspection related to a potential sale. The fee for such service is set forth in SMC 3.30.150.

~~—A turn-on charge of \$25.00 shall be assessed to the property owner account at the time of request for restoration of water service.~~

(3) Late Penalty.

For each notice sent to a utility customer advising the customer that an account is delinquent or the utility service will be discontinued by reason of the delinquency, there shall be a late penalty charge added to the account of five percent of the unpaid balances.

The finance director, or his/her designee, is authorized to waive the late penalty charge, disconnection and reconnection charges under the following circumstances:

(a) Where a utility customer has made arrangements with the city, prior to the date the billing is due, for deferral of the payment of the bill, or

~~(b) Where a utility customer has not been delinquent in the previous 12 months. In such circumstances where, in the judgment of the finance director or his/her designee, the customer can demonstrate a bona fide economic hardship.~~

~~(c) If an emergency arises where the water service needs to be disconnected.~~

(4) Other fees and charges.

(a) If a utility account is dishonored by the drawer's bank by reason of insufficient funds, a surcharge, as specified in SMC 3.30.150, ~~of \$20.00~~ shall be added to the utility account, and shall be paid in full.

(b) If a utility account is liened by reasons of nonpayment for up to four months, the customer shall be responsible for payment of all lien recording fees. These lien charges shall be assessed on utility account balances.

(c) If a utility customer requests a meter read outside the regular read cycle, a charge, as specified in SMC 3.30.150, shall be added to the utility account

#### **12.20.030 Termination of Service.**

(1) Water service may be discontinued by the city for any of the following reasons:

(a) For delinquent and unpaid charges as specified in SMC 12.20.020;

(b) For the use of water and sewer utilities for purposes or properties other than that specified in the application;

(c) ~~(a)~~ For tampering with property of the city utility system;

(d) In case of vacation of the premises by the customer;

(e) For the use of the utility lines in a manner which adversely affects the city's service to its customers;

(f) For fraudulent or improper obtaining or use of utility service.

(2) Except in the case of danger to life or property, fraudulent use, impairment of service, or violation of law, the city shall use its best efforts to comply with the following procedures prior to an involuntary discontinuance of service:

- (a) The city shall send the owner and occupant of the premises, using addresses shown in the city utility records, written notice that water service to the property will be shut off on a date not less than 10 days thereafter unless the delinquencies are paid in full. The notice shall state that the owner and occupant of the premises have a right to a hearing before the mayor for the purposes of resolving disputed accounts. A request for such a hearing must be made not less than five days prior to the shutoff date. At the hearing the mayor is authorized to compromise and settle disputes in the interest of justice; provided, the mayor shall not be authorized to waive or reduce bills which are legitimately due, or to lend the city's credit by allowing a deferred payment schedule.
- (b) If service is not discontinued within three days after the stated shutoff date, unless other mutually acceptable arrangements have been made, the shutoff notice shall become void and a new notice shall be required before the service can be disconnected thereafter.
- (c) In the event of a disputed account, at any time before the city shuts off service, the owner or occupant of the premises may tender the amount he claims to be due; provided, that the amount must be reasonably supported by document evidence. The right of the city to thereafter shut off service shall not accrue until the dispute has been administratively or judicially resolved.
- (d) Except in the case of danger to life or property, no disconnection shall be accomplished on Saturdays, Sundays, legal holidays or any day on which the city cannot reestablish service on the same or following day.
- (e) Where service is provided to a master meter, or where the city has reasonable grounds to believe that service is to other than the customer of record, the city shall undertake all reasonable efforts to inform the occupants of the service address of the impending disconnection. Upon request of one or more service users, where service is to other than the subscriber of record, an additional five days shall be allowed prior to shutoff to permit the service users to arrange for continued service.
- (f) Charges for disconnection and reconnection of water service, as specified in SMC 12.20.020, shall be added to the account, and shall be paid in full prior to reconnection.

**12.20.040 Payment required before service restoration.**

Water service may not be restored to the premises until all utility billing charges, as specified in SMC 12.20.020 due and owing have been satisfied.

**12.20.050 Lien rights.**

(1) Liens against the property for up to four months of unpaid charges, shall encumber the property, and shall be the obligation of the owner of the property, its heirs, successors, and assigns, until the same is paid in full. The city may enforce the lien by shutting off water services until all delinquent and unpaid charges are paid in full.

(2) Nothing in this chapter shall be construed as abridging the lien rights of the city of Stanwood, or other legally established sanctions.

**12.20.060 Adjustments to bills.**

(1) In the event a meter fails to register the correct amount of water used, the customer will be charged at the average rate of monthly consumption for the previous twelve months as shown by the meter when in working order.

(2) In the event a leak or failure of a private water system or private service between the meter and the structure located on private property results in excess consumption, the city may, through a determination of the city finance director, provide for a rate adjustment up to 50 percent of the volume consumed in any one billing period in excess of the bi-monthly average of water consumed over the previous twelve months at that service address.

(a) Customers shall be required to provide proof of repair to leak or failure prior to receiving any rate adjustment.

(b) Application for the credit or adjustment must be made in written form and approved by the city finance director or his/her designee.

(c) No more than one application for credit may be considered per service address in any twenty-four month period. Adjustments are final and requests for reversal will not be granted.

Section 3. 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 shall not affect the validity or constitutionality of any other section, subsection, sentence, clause, phrase or word of this ordinance.

Section 4. Effective Date. This ordinance will become effective October 1, 2011.

PASSED by the City Council and APPROVED by the Mayor this 8<sup>th</sup> day of September, 2011.

CITY OF STANWOOD

By \_\_\_\_\_  
DIANNE WHITE, Mayor

ATTEST:

By \_\_\_\_\_  
MELISSA COLLINS, City Clerk

Approved as to form:

By \_\_\_\_\_  
GRANT K. WEED, City Attorney

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

# Water Utility City of Stanwood Miscellaneous Fees Cost of Service Study Compilation of Labor Costs

Labor - Insufficient Funds (NSF) Fee	Budgeted Time		Labor Costs		Allocable Costs	
	FTE	HOURS	BUDGET	Hourly Rate	Hours Spent on Single Fee Svc	Fee Cost
Water Utility Staff						
K. BROOKS	1.00	2,080	\$ 83,780	\$40.28	0.25	\$ 10
B. HANDSCHUMAKER	1.00	2,080	\$ 71,646	\$34.45	0.38	\$ 13
J. ANDERSON	1.00	2,080	\$ 60,629	\$29.15	0.38	\$ 11
<b>Totals</b>					<b>1.00</b>	<b>\$ 34</b>

Labor - Water Turn On/Turn Off Fee	Budgeted Time		Labor Costs		Allocable Costs	
	FTE	HOURS	BUDGET	Hourly Rate	Hours Spent on Single Fee Svc	Fee Cost
Water Utility Staff						
R SUNBERG PW LEAD	1.00	2,080	\$ 87,787	\$42.21	1.00	\$ 42
<b>Totals</b>					<b>1.00</b>	<b>\$ 42</b>

Labor - After Hours Water Turn On/Turn Off Fee	Budgeted Time		Labor Costs		Allocable Costs	
	FTE	HOURS	BUDGET	Hourly Rate - 1.5 OFF	Hours Spent on Single Fee Svc. [a]	Fee Cost
Water Utility Staff						
R SUNBERG PW LEAD	1.00	2,080	\$ 87,787	\$63.31	2.00	\$ 127
<b>Totals</b>					<b>2.00</b>	<b>\$ 127</b>

[a] After hours "emergency" water turn on and turn off service requires the employee be paid for a minimum of two hours.

**Water Utility**  
**City of Stanwood Miscellaneous Fees Cost of Service Study**  
**Compilation of Non-Labor Costs**

Cost Item		Costs to Allocate				Notes
Obj No.	Description	Budgeted Amount	Costs Allocable to NSF Fee	Costs Allocable to Water Turn On/ Turn Off Fee	Costs Allocable to After Hours Water Turn On/ Turn Off Fee	Costs Allocable to Water Turn On/ Turn Off Fee
<b>Water Fund Non Labor Costs</b>						
	Supplies	\$ 38,316	\$ 2.00	\$ 2.00	\$ 2.00	
	Uniforms	7,725				door hanger
	Chemicals	5,974				
	Fuel	7,725		4.00	4.00	avg 15 miles round trip, \$3/gallon
	Small Equipment	5,662				
<b>Charges for Services</b>						
	Professional Services	86,520	5.00			
	Communications	13,390	0.50			pass-through bank fee
	Advertising	-				postage
	Rentals	1,030				
	Insurance	40,745				
	Utilities	61,800	1.00			
	Repair/Maintenance	3,090				
	Miscellaneous	-				
	Excise and B&O Tax	67,384				
	Dues	1,030				phone service - calls
	Meetings, Training, Travel	3,090				
<b>Government</b>						
	Testing	309				
	State Audit	-				
	Operating Permit	5,150				
<b>Grand Totals</b>		<b>\$ 348,940</b>	<b>\$ 8.50</b>	<b>\$ 6.00</b>	<b>\$ 6.00</b>	

Fees Cost Calculation	
15 miles avg round trip	
20 mpg	
1.33 gallons	
\$3.00 per gallon	
\$4.00 fuel cost	

Reconciliation to Rate Model O&M	
Labor	291,907
Benefits	119,424
Transfers	184,300
Total	575,631
Non-Labor/OH Fee Basis	\$ 348,940
Otherwise allocated	575,631
Total	\$ 924,571
Total 2011 O&M - Rate Model	\$ 924,571
	\$ -

**Water Utility**  
**City of Stanwood Miscellaneous Fees Cost of Service Study**  
**Calculation of Unit Costs**

Water Utility Miscellaneous Fee	Municipal Code Citation	Current Fee	Updated Unit Cost of Fee Service		Total Cost of Fee Service
			Labor	Non-Labor	
Service Restoration Charge (Water Turn-on)	12.20.020 (2)	\$25.00	\$42.21	\$6.00	\$48.21
Termination of Service (Water Turn-off)	12.20.030	not specified	\$42.21	\$6.00	\$48.21
After Hours Turn On/Turn Off Charge	Proposed	n/a	\$126.62	\$6.00	\$132.62
Insufficient Funds (NSF)	12.20.020 (4)	\$20.00	\$33.92	\$8.50	\$42.42