



## **UTILITIES COMMITTEE**

**JUNE 10, 2016**

**4:00 P.M.**

**COUNCIL CHAMBERS**

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**1. STATUS REPORT ON THE BREWERY PROPERTY & WATER RIGHTS**

*PETER BROOKS, WATER RESOURCES MANAGER*

(VERBAL - NO ATTACHMENT)

**2. UTILITY BILLING LMC & FEE UPDATES**

*TROY WOO, FINANCE DIRECTOR*

(STAFF REPORT ATTACHED)



**UTILITIES COMMITTEE**  
**June 10, 2016**

**SUBJECT:** Update Lacey Municipal Code relating to the collection of liens and an increase to fees associated with utility delinquencies.

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**RECOMMENDATION:** Upon review and concurrence, recommend updates to Lacey Municipal Code and associated fees, and forward to the full City Council for approval.

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**STAFF CONTACT:** Scott Spence, City Manager <sup>SS</sup>  
Troy Woo, Finance Director <sup>TW</sup>  
Kristy Wolf, Accounting Manager  
Stephanie Tonelatto, Customer Services Supervisor

**ORIGINATED BY:** Stephanie Tonelatto, Customer Services Supervisor

**ATTACHMENTS:** 1. [Proposed Lacey Municipal Code changes](#)  
2. [Proposed fee schedule](#)

**FISCAL NOTE:** None

**PRIOR REVIEW:** None

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**BACKGROUND:**

The City Utility has been timely in issuing billings, penalty notices, and disconnect notices; however, the direct action of disconnecting water from specific properties needs to realign with the Lacey Municipal Code's (LMC) 45-day cycle of billing, penalty and disconnection. While considering the realignment, staff identified three areas of potential change that will make the disconnection process more effective:

1. The LMC currently states that the City can only collect a lien for less than four months of past due utility bills for water and sewer (LMC 13.44.020). The Revised Code of Washington (RCW 35.21.217) states if the City has not been notified in writing of a change in occupancy in landlord-tenant situations, then the City is not

bound by the four months and can collect the full lien on the property. Staff proposes to change the LMC to align with the RCW.

2. Delinquent fees need to be increased to recover costs. Staff recommends also adding a tampering fee to discourage tampering with meters and to recover repair costs when tampering results in damage to City meters and equipment. Staff is also recommending LMC updates to clarify ownership of water system assets.
3. This internal procedure change involves updating the penalty letter, reprioritizing the timing of disconnections, and limiting payment arrangements to two per calendar year.

It is requested that the Utilities Committee recommend updates to the Lacey Municipal Code and associated fees, and forward recommendation to the full City Council for approval.

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#### **ADVANTAGES:**

1. Update the LMC to reflect the Revised Code of Washington, which will effectively increase the amount of lien the City can collect on past due accounts and record a higher lien amount on the property.
2. Increase delinquency fee to reflect actual costs and implement a tampering fee to discourage illegal tampering with City owned equipment and assets.
3. Realign disconnection process with the LMC 45-day schedule.

#### **DISADVANTAGES:**

1. None identified.

**\*\*\*DRAFT VERSION\*\*\***

## **CHAPTER 13.40 WATER SERVICE TURN-ON AND SHUT-OFF**

Sections:

**13.40.010 Shut-off--Stop and waste valve**

13.40.011 Maintenance of Water System

13.40.012 Shut-off-Stop and Waste Valve

**13.40.020 Request for shut-off--Notice**

**13.40.030 Temporary shut-offs**

**13.40.040 Application for turn-on after turn-off--Fee**

**13.40.050 Turn-on--When deposit required**

**13.40.060 Unauthorized turn-on--Disconnection of service**

**13.40.070 Emergency interruption of service**

### **13.40.010 Shut-off--Stop and waste valve.**

Each house or service shall have a separate curb-cock at the meter and a separate shut-off within the building or basement or on the premises. The shut-off shall be equipped with a stop and waste valve. The stop and waste valve shall be the property of the owner of the premises and be for the protection of the plumbing on the premises. (Ord. 104 §1(H(part)), 1968).

### **13.40.011 Maintenance of Water System**

All Tanks, Reservoirs, water meters, water mains, pipes, couplings, shutoff valves, stop cocks, and every other kind of equipment or material in use or in place as part of the water system of the City and located in any street, alley, city park, city property, or in any easement or franchise belonging to the city, or located upon private property from a water main of the water system to and including the water meter, are the property of the city and are subject to the exclusive control and regulations of the city. All pipes and connections from the water meter to the premises or building served by the city water are the property and sole responsibility of the owner or lessee of the premises or building.

### **13.40.012 Shut off-Stop and Waste Valve**

Each house or service shall have a separate curb-cock at the meter and a separate shut-off within the building or basement or on the premises. The shut-off shall be equipped with a stop and waste valve. The stop and waste valve shall be the property of the owner of the premises and be for the protection of the plumbing on the premises.

### **13.40.020 Request for shut-off--Notice.**

It shall be the duty of all persons who wish the water cut off to notify the city at the water department office in the city hall and order the water turned off and in the event no such notice is given, water will be charged from the time same is turned on until the time that it was ordered turned off. (Ord. 104 §1(H(part)), 1968).

**13.40.030 Temporary shut-offs.**

Service calls for temporary shut-off because of trouble in the lines not owned by the city shall be charged for at the rates established by resolution of the city council. (Ord. 666 §27, 1982; Ord. 552 §1, 1979; Ord. 448 §7, 1977; Ord. 104 §1(D), 1968).

**13.40.040 Application for turn-on after turn-off--Fee.**

When it is desired to have the water turned on after it has been turned off for any reason (except as provided in Section 13.44.070 and except turn-on and turn-offs regarding separate connections for lawn sprinkling systems), the customer shall be charged at rates established by resolution of the city council. All unpaid water service charges and penalties against the premises shall be paid at time of application for turn-on or a satisfactory arrangement shall be made for payment thereof before water is supplied to the premises. (Ord. 666 §28, 1982; Ord. 552 §2, 1979; Ord. 448 §8, 1977; Ord. 104 §1(R), 1968).

**13.40.050 Turn-on--When deposit required.**

When an application for turn-on is made and the owner has disclaimed responsibility in the manner provided by Revised Code of Washington [35.21.290](#), the applicant shall be required to make a cash deposit in advance in the amount which shall be based upon estimated water bills for four months' service but shall not be less than \$10.00. The money so deposited may be applied upon the amounts due for water service when the customer may be required to renew the deposit or the water service shall be turned off. Deposits shall be refunded to the customer when no unpaid or delinquent charges exist after water service has been discontinued to the customer. (Ord. 104 §1(U), 1968).

**13.40.060 Unauthorized turn-on--Disconnection of service.**

It is unlawful for any person except duly authorized employees of the water department or other authorized persons to turn on the water supply to any premises after a turn-off is made at the curb-cock or valve by the water department. The water service piped to any premises supplied with water turned on by an unauthorized person after the water supply has been turned off by the water department for a cause shall be disconnected in the water main in the street and shall not be connected again until violations of these rules and regulations have been corrected and all charges and penalties, including the expense incurred by disconnecting and reconnecting the service pipe, are paid or a satisfactory arrangement for payment is made with the water department. (Ord. 104 §1(V), 1968).

**13.40.070 Emergency interruption of service.**

In case of emergency or whenever the public health, safety or the equitable distribution of water so demands, the mayor may direct the water department to change, reduce or limit the time for, or temporarily discontinue the use of, water. Water service may be temporarily disconnected for purposes of making repairs, extensions or doing other necessary work. Before so changing, reducing, limiting or discontinuing the use of water, the water department shall, insofar as practicable, notify all water consumers affected. The city shall not be responsible for any damage resulting from interruption change or failure of the water supply. (Ord. 104 §5, 1968).

## CHAPTER 13.44 PAYMENT FOR WATER SERVICE<sup>1</sup>

Sections:

- 13.44.010 Responsible parties for billing purposes
- 13.44.020 Liens for water service**
- 13.44.030 Billing and payment of utility charges--Penalties--Discontinuance of services**
- 13.44.040 Disclaimer of responsibility for service charges by owner**
- 13.44.050 Collection of rates and charges**

### **13.44.010 Responsible Parties for billing purposes**

The legal owner of a property is the party responsible for all utility bills. The City of Lacey does allow the legal owner to transfer the billing to a tenant. Transfer will not take place until the legal owner has filled out and filed with Customer Services the Owner Authorization Form and all previous liens are paid off by the legal owner. This is an accommodation to the legal owners, but does not create a contractual relationship between the tenant and the City. The owner has a duty to notify the City of any transfer in service within 14 days of the transfer, per RCW 35.21.217(4). If the City is not notified, then the lien restrictions on the City are invalidated.

### **13.44.020 Liens for water service.**

All charges for water or water service shall be the personal obligation of the customer applying for or signing for and/or receiving such service, and, in addition thereto, the City shall have all the lien rights as granted by RCW 35.21.290, 35.21.300 and RCW 35.67.200. The lien as herein provided may be enforced by terminating the service until the delinquent and unpaid charges are paid. ~~The city shall have a lien for delinquent and unpaid water charges against the premises for which the water has been furnished, provided that the owners of a delinquent mortgage on the premises may give written notice to the water department to cut off services to the premises and from and after the giving of such notice and the payment or tender of the then delinquent and unpaid charges against the premises for such services and the cut off charge, the city shall have no lien on the premises for such services thereafter furnished, nor shall the owner or the owner of the delinquent mortgage on the premises be held for the payment thereof; provided, further, that such liens not be for more than four months' charges due or to become due nor for any charges which have been due for more than four months. Nothing herein, however, shall be construed as impairing any vested rights or liens which have accrued to the city prior to December 19, 1968. The lien as herein provided may be enforced by cutting off the service until the delinquent and unpaid charges are paid (Ord. 104 §1(G), 1968).~~

**13.44.030 Billing and payment of utility charges---Penalties--Discontinuance of services.**

A. The city shall bill monthly for water, sewer and storm and surface water utility charges. Billings for those utilities or customers requiring meter reading may be billed on the basis of estimated charges provided that on every second month all billings shall be based upon actual readings and appropriate adjustments shall be made.

B. All charges for utility services shall be due by the due date set forth on the billing, which date shall be approximately twenty-five days after the date of said billing. Any billing which has not been paid in full by the due date specified, shall be considered to be delinquent. A 7.5 percent penalty shall be added to delinquent accounts and a penalty notice mailed by the city. If payment of all delinquent utility charges and penalties is not received by the city within nineteen days after the due date, water services to the premises shall be discontinued.

C. After water services have been shut off because of a delinquency in paying utility charges, service shall not be resumed until all charges, penalties and service fees have been paid. Service fees shall include a fee for each service trip which has been made to the premises relative to the delinquent charges at rates established by resolution of the city council.

D. If a trip is made by service personnel to the premises of a customer for the purpose of shutting off services due to delinquency, and the customer wishes to pay the delinquent bill and delinquency penalty at that time, a service fee for said trip at rates established by resolution of the city council shall be assessed. If the delinquent charges, penalty and such service fee are paid at the time, the water service shall not be discontinued. (Ord. 1146 §1, 2000; Ord. 1121 §3, 1999; Ord. 894 §1, 1990; Ord. 820 §2, 1988).

**13.44.040 Disclaimer of responsibility for service charges by owner.**

When an owner disclaims responsibility for water service charges against his premises for any reason, he shall file for approval a duly executed waiver of responsibility with ~~the water department~~customer services on the forms provided for that purpose and pay all existing water charges against the property. ~~The water department~~customer services may, at its option, continue water service to the occupant of the premises provided that the provisions prescribed in Section 13.44.030 are complied with. (Ord. 104 §1(T), 1968).

**13.44.050 Collection of rates and charges.**

The city finance director shall collect all the rates and charges herein provided for and accruing from time to time and all such sums when collected shall be paid by the finance director into the fund entitled, "Water Revenue Fund." The funds shall be used in accordance with the provisions of city Ordinance No. 102.<sup>2</sup> (Ord. 1021 §35, 1995; Ord. 104 §8, 1968).

**Proposed Updated Fees**

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	<b>Current</b>	<b>Proposed</b>
Disconnection notice fee	\$ 12.50	\$ 15.00
Disconnection fee/ trip	\$ 25.00	\$ 40.00
NSF Check or Returned check fees	\$ 20.00	\$ 35.00

**New Fees**

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After Hours Restore Fee	Tiered Rate	<b>Current</b>	<b>Proposed</b>	
	Weeknights	\$ -	\$ 45.00	[\$43.10 is the after hours rate of pay]
	Weekends	\$ -	\$ 90.00	[Two hour minimum call out]
Meter Tampering Fee		\$ -	\$ 200.00	