

ORDINANCE NO. 2002-02-011

**AN ORDINANCE OF THE CITY OF BELLINGHAM, WASHINGTON, AMENDING CHAPTER 15.12 OF THE BELLINGHAM MUNICIPAL CODE IN REGARDS TO FINANCING CERTAIN EQUITABLE SHARE COSTS OF CONNECTING TO CITY SEWER IMPROVEMENT PROJECTS.**

**WHEREAS**, Chapter 15.12 of the City of Bellingham (the "City") Municipal Code establishes certain rules and regulations regarding sewer service, including sewer connection fees, assessments and other charges;

**WHEREAS**, the City is authorized to charge a reasonable sewer connection fee, which may include an amount so that property owners bear their equitable share of the cost of such sewer system; and,

**WHEREAS**, the City currently requires the fees and charges under Chapter 15.12, including the equitable share costs, to be paid in full at the time the property owner applies for sewer service; and,

**WHEREAS**, the City Council intends to provide certain qualifying property owners the option of financing the equitable share costs for a designated period at a certain interest rate or to pay them in their entirety upon connection; and,

**WHEREAS**, the intent of this option is to advance the health, safety and welfare of the City's citizens by promoting earlier connections to the sewer system; and,

**WHEREAS**, this pilot program is created for certain City sewer projects to judge the effectiveness of the alternative payment system;

**NOW, THEREFORE, THE CITY OF BELLINGHAM DOES ORDAIN:**

**Section 1: Bellingham Municipal Code 15.12.050 is hereby amended to read as follows:**

**15.12.050 - Sewer Service Installation Fees.**

A. Prior to approval of an application for sewer service by the Director of Public Works, the fees and charges applicable to the requested service shall be determined and paid, except as specifically exempted in 15.12.055 of this chapter. The charges consist of the costs of connection, the property owner's equitable share of the cost of the sewer system (the "Equitable Share Costs") ~~connection fees~~, assessments, and other charges as specified in this chapter.

B. Except as specifically exempted in 15.12.055 of this chapter, sSpecified fees shall be paid to the Finance Director in full at the time of application. The Finance Director shall advise the Department of Public Works when payment has been received or the requirements of 15.12.055 have been fully satisfied.

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**Section 2:** A new section to Bellingham Municipal Code 15.12 is hereby added as follows:

**15.12.055 – Alternative Payment of Sewer Charges for City Sewer System Improvements**

A. The owner of the property being assessed charges under Chapter 15.12 may elect to pay the charges, interest on the charges, if any, and other related fees and assessments for City sewer system improvements in one of the following ways:

1. Whenever the property owner being assessed charges under Chapter 15.12 elects to connect to the City sewer system improvement, the property owner subject to assessment shall make payment as provided for in section 15.12.050 of this chapter; or,

2. Alternatively, the property owner may elect to finance the property owner's equitable share of the costs of a City sewer system improvement (the "Equitable Share Costs") and any applicable interest thereon for a period of either five (5) or ten (10) years, at the property owner's election. Payments shall be made on a monthly basis as determined by the City. Early payoff of the entire amount owed at the time of payoff is authorized in accordance with the procedure that will be set by the Finance Director. An administrative set up fee will be charged to allow the City to recover the administrative costs and expenses incurred in setting up the financing. This administrative set up fee shall be set by the Finance Director and shall be adjusted annually to reflect any applicable inflation or cost increases. The financing shall not include any fees or charges other than the Equitable Share Costs and the interest thereon. By way of example and not limitation, the property owner will not be allowed to finance the actual connection charges, any permit fees or the administrative fee to set up the financing option. If this financing option is chosen, the financed Equitable Share Costs shall incur interest at a rate fixed at the Federal Reserve rate for a five (5) or ten (10) year Treasury Note, depending upon the length of financing. The Federal Reserve rate for the applicable Treasury Note shall be determined by the Finance Director based upon the rate on the date the Financing Agreement is signed by the property owner.

B. The minimum qualifications to use the financing payment method specified in this section are as follows:

1. The project being assessed must be a City sewer system improvement. As used in this section, "City sewer system improvement" shall mean a City of Bellingham sewer system project and not a private developer's sewer project; and,

2. The property owner applying for the financing payment method must be an existing City water customer and must be legally receiving City water service; and,

3. The property owner applying for the financing payment method must be current on all utility payments to the City and must agree to stay current throughout the term of the Financing Agreement; and,

4. The property being served must be an owner-occupied single family residence and the property owner must agree to maintain single family residence status during the entire term of the Financing Agreement; and,

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5. A Financing Agreement must be executed before hookup to the City sewer system improvement; and,

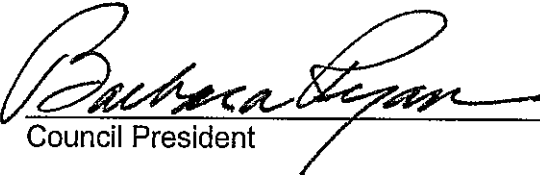
6. As a condition precedent to the City signing the Financing Agreement, the property owner must execute a lien against the property served to secure payment of the Equitable Share Costs and interest thereon and agree that water service may be discontinued for non-payment of the Equitable Share Costs and interest financed hereunder; and,

7. Under this financing payment method, no sewer permit will be issued without all applicable fees being paid in full.

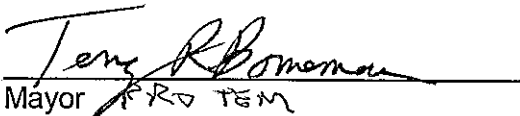
C. Unless otherwise duly modified by Ordinance, this alternative payment option as provided for in this section 15.12.055 shall only apply to those properties within the sewer project boundaries for the Yew Street Road and James Street projects of 2001 and only to those property owners who shall elect to participate in this alternative payment option program within three (3) years from the date of this Ordinance's final passage.

**Section 3:** This Ordinance shall take effect forty-five (45) days after the date of this Ordinance's final passage.

PASSED by the Council this 11TH day of FEBR., 2002.

  
Council President

APPROVED by me this 7th day of March, 2002.

  
Mayor PRO TEM

Attest:   
Finance Director

Approved as to form:   
Office of the City Attorney

Published: 2/15/02

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