



CITY COUNCIL MEETING

July 19, 2016 – Agenda

Mt. Si Senior Center, 411 Main Ave. S., North Bend, Washington

7:00 P.M. – CALL TO ORDER, ROLL CALL, FLAG SALUTE

CONSENT AGENDA:

		Pg.#
1) Minutes	Council Meeting of June 21, 2016	1
2) Payroll	June 20, 2016 – 27486 through 27492 , in the amount of \$153,779.61 July 5, 2016 – 27493 through 27499 , in the amount of \$196,848.09	
3) Checks	July 5, 2016 – 62962 through 63023 , in the amount of \$823,782.55 July 19, 2016 – 63024 through 63086 , in the amount of \$189,382.92	
4) AB16-074	Resolution - Awarding Ribary Creek Sediment Removal Project to Fury Site Works	Mr. Rigos 7
5) AB16-075	Motion - Authorizing Bill of Sale for Torguson Park Picnic Shelter	Mr. Rigos 17

CITIZEN’S COMMENTS: (Please restrict comments to 3 minutes)

ANNOUNCEMENTS, PRESENTATIONS, APPOINTMENTS:

6) Presentation Police Services Mid-Year Update Chief Jim Schaffer

COMMISSION AND COMMITTEE REPORTS:

Planning Commission	Community & Economic Development – Councilmember Pettersen
Parks Commission	Finance & Administration – Councilmember Rosen
Economic Development Commission	Public Health & Safety – Councilmember Gothelf
	Transportation & Public Works – Councilmember Loudenback
	Mayor Pro Tem – Councilmember Loudenback
	Eastside Fire & Rescue Board – Councilmember Gothelf

INTRODUCTIONS:

7) AB16-076	Public Hearing Cont. – Ordinance Amending Taxes, Rates & Fees Schedule RE Sewer Rates & GFC’s	Ms. Lindell 23
8) AB16-077	Ordinance - Establishing Line of Credit for WWTP Projects	Staff 185
9) AB16-078	Ordinance - Amending NBMC 14.12 RE Floodplain Management	Mr. McCarty 217
10) AB16-079	Ordinance - Adopting NBMC 17.40 RE Impact Fee Deferral	Ms. Estep 241
11) AB16-080	Resolution - Setting Administrative Fee RE Impact Fee Deferral	Ms. Estep 247
12) AB16-081	Motion - Authorizing Contract with Downtown Association	Ms. Estep 251
13) AB16-082	Resolution – Awarding 2016 Pavement Overlay Project to Lakeridge	Mr. Rigos 261

MAYOR, COUNCIL & ADMINISTRATOR CONCERNS AND INITIATIVES: (Business and general information presented that may be deliberated upon by the Council. Formal action may be deferred until a subsequent meeting; immediate action may be taken upon a vote of a majority of all members of the Council.)

ADJOURNMENT:

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NORTH BEND CITY COUNCIL MINUTES

June 21, 2016

Senior Center, 411 Main Ave. S., North Bend, Washington

CALL TO ORDER, ROLL CALL:

Mayor Pro Tem Loudenback called the regular meeting to order at 7:00 p.m.

Councilmembers Present: Gothelf, Kostanich, Loudenback, Rosen and Volken. Councilmembers Elwood and Pettersen were excused.

Councilmember Gothelf requested to pull AB16-064 – Motion Authorizing Amendment No. 4 with SHD for Torguson Park and AB16-065 – Motion Authorizing Construction Admin Contract with SHD for Torguson Park from the consent agenda and add both items to the main agenda for discussion.

CONSENT AGENDA:

Minutes – Council Meeting of June 7, 2016

Payroll – June 3, 2016 – 27479 through 27485, in the amount of **\$193,451.58**

Checks – June 21, 2016 – 62905 through 62961, in the amount of **\$132,339.41**

AB16-066 – Motion Authorizing Contract with Perteet for CRS Support

AB16-067 – Motion Authorizing Blanket Purchase Order with HD Supply

Councilmember Gothelf **MOVED**, seconded by Councilmember Rosen to approve the consent agenda as amended. The motion **PASSED** 5-0.

CITIZEN'S COMMENTS:

Dave Olson, 440 Main Avenue S, provided an update on Kiwanis activities.

Sharon Wiltshire, 249 Bendigo Blvd. S, requested the wayfinding sign for the Snoqualmie Indian Reservation located near the intersection of Park and Bendigo be moved. She noted the current placement of the sign causes confusion for motorists and many turn into her neighborhood instead of the next intersection. Ms. Wiltshire also requested the potholes that had been created in front of her property as a result of the increased traffic be fixed.

Public Works Director Rigos and City Administrator Lindell responded to Ms. Wiltshire's concerns by noting the sign was placed in its current location by WSDOT who controls that portion of SR202 (Bendigo Blvd.) and they had been contacted in the past about the sign. Both noted they would look into the issue again and notify Public Works staff to

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repair the potholes on her street.

Presentation – Police Chief McCulley Retirement

Mayor Pro Tem Loudenback presented retiring Snoqualmie/North Bend Police Chief Steve McCulley with a plaque in honor of his service to the citizens of North Bend.

COMMISSION AND COMMITTEE REPORTS:

Planning Commission

A report of the June 9th meeting was provided.

Parks Commission

No report. The next meeting is scheduled for July 20, 2016.

Economic Development Commission

No report.

Community & Economic Development Committee – Councilmember Pettersen, Chair

No report. The next meeting is scheduled for June 28, 2016.

Finance & Administration Committee – Councilmember Rosen, Chair

A report of the June 7th meeting was provided.

Public Health & Safety Committee – Councilmember Gothelf, Chair

No report. The next meeting is scheduled for July 12, 2016.

Transportation & Public Works Committee – Councilmember Loudenback, Chair

A report of the June 8th meeting was provided.

Council Workstudy – Mayor Pro Tem Loudenback

A report of the May 24th Council Workstudy was provided.

Eastside Fire & Rescue Board Meeting – Councilmember Gothelf

A report of the June 9th meeting was provided.

INTRODUCTIONS:

**AB16-068 – Public Hearing, Resolution 1715 Adopting Six Year
Transportation Improvement Program 2017 - 2022**

Audio: 18:23

Public Works Director Rigos provided the staff report.

Mayor Pro Tem Loudenback opened the Public Hearing on a Resolution Adopting the Six Year TIP 2017 – 2022 at 7:19 p.m.

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The following spoke regarding the Six Year TIP:

Sharon Wiltshire, 249 Bendigo Blvd. S

Rich Wiltshire, 249 Bendigo Blvd. S

Michael Thomas, 1231 LaForest Drive SE

John Krauss, 425 SE 7th Street

Pro Tem Loudenback closed the Public Hearing at 7:32 p.m.

Councilmember Kostanich **MOVED**, seconded by Councilmember Rosen to approve AB16-068, a resolution adopting the 2017-2022 Six-Year Transportation Improvement Program. The motion **PASSED** 5-0.

AB16-069 – Public Hearing, Ordinance 1591 Amending NBMC RE Park Impact Fees **Audio: 34:53**

Community & Economic Development Director Estep provided the staff report.

Mayor Pro Tem Loudenback opened the Public Hearing on an Ordinance Amending NBMC RE Park Impact Fees at 7:40 p.m. There were no public comments and Mayor Pro Tem Loudenback closed the Public Hearing at 7:40 p.m.

Councilmember Rosen **MOVED**, seconded by Councilmember Gothelf to approve AB16-069, an ordinance amending and codifying the City's Park Impact Fee provisions by repealing Ordinance 1328 and repealing and readopting Chapter 17.36 NBMC, as a first and final reading. The motion **PASSED** 5-0.

AB16-070 – Public Hearing, Ordinance Amending Taxes, Rates & Fees Schedule RE Sewer Rates & GFC's **Audio: 41:15**

City Engineer DeBerg provided the staff report. Consultant Angie Sanchez Virnoche from FSC Group provided a presentation on the Wastewater Facilities Plan, Rate Study and GFC Update.

Mayor Pro Tem Loudenback opened the Public Hearing on an Ordinance Amending the Taxes, Rates & Fees Schedule RE Sewer Rates & GFC's at 8:07 p.m.

The following spoke regarding the Sewer Rates & GFC's:

John Krauss, 425 SE 7th Street

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Michael Thomas, 1231 LaForest Drive SE

John Markus, Representative from Tetra Tech, provided additional information pertaining to proposed sewer rates.

Councilmember Rosen **MOVED**, seconded by Councilmember Gothelf to postpone AB16-070, Public Hearing and Ordinance setting new Sewer Rates and General Facilities Charges and amending the Taxes, Rates & Fees Schedule to the July 19th City Council meeting and directed staff to hold a public meeting for residents prior to July 19th regarding the proposed rate increases. The motion **PASSED** 5-0.

Assistant City Administrator/Finance Director Masko requested AB16-071 – Ordinance Establishing Line of Credit for WWTP Projects be moved to the last item for consideration on the main agenda.

AB16-072 – Motion Authorizing Amendment No. 1 with Tetra Tech RE Facilities Plan **Audio: 1: 38:44**

City Engineer DeBerg provided the staff report.

Councilmember Kostanich **MOVED**, seconded by Councilmember Gothelf to approve AB16-072, authorizing Amendment #1 for Additional Services to the Contract with Tetra Tech for the Sewer Comprehensive Plan, Capital Facilities Plan, and Rate Study, in an amount not to exceed \$105,845, plus necessary funds for a Town Hall Public Meeting. The motion **PASSED** 5-0.

AB16-073 – Resolution 1716 Adopting Comprehensive Emergency Management Plan **Audio: 1:48:24**

Public Works Director Rigos provided the staff report. Fuzzy Fletcher of Fletcher Consulting provided a brief overview of the Comprehensive Emergency Management Plan.

Councilmember Kostanich **MOVED**, seconded by Councilmember Gothelf to approve AB16-073, a resolution adopting the City's Comprehensive Emergency Action Plan. The motion **PASSED** 5-0.

AB16-064 – Motion Authorizing Amendment No. 4 with SHD for Torguson Park **Audio: 1:57:14**

Public Works Director Rigos provided the staff report.

Councilmember Kostanich **MOVED**, seconded by Councilmember Gothelf to approve AB16-064, authorizing a contract amendment with Scott Holsapple Design to perform

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additional professional services for the Torguson Park Capital Project, in a form and content acceptable to the City Attorney, in an amount not to exceed \$9,000. The motion **PASSED** 4-1 (Gothelf).

AB16-065 – Motion Authorizing Construction Admin Contract with Torguson Park **Audio: 2:13:40**

Public Works Director Rigos provided the staff report.

Councilmember Kostanich **MOVED**, seconded by Councilmember Rosen to approve AB16-065, authorizing a contract with Scott Holsapple Design to perform additional professional services and construction management for the Torguson Park Capital Project, in a form and content acceptable to the City Attorney, in an amount not to exceed \$53,840. The motion **PASSED** 4-1 (Gothelf).

AB16-071 – Ordinance Establishing Line of Credit for WWTP Projects **Audio: 2:15:25**

In light of the postponement of the Ordinance Amending Taxes, Rates & Fees Schedule Regarding Sewer Rates & GFC's, Assistant City Administrator/Finance Director Masko requested AB16-071 – Ordinance Establishing Line of Credit for WWTP be postponed to the July 19, 2016 City Council meeting.

MAYOR, COUNCIL, AND ADMINISTRATOR CONCERNS AND INITIATIVES:

Councilmember Kostanich welcomed new business the Wild Flower Wine Shop to Downtown North Bend.

Mayor Pro Tem Loudenback spoke regarding the following items:

- Annual Eastside Fire & Rescue Burn Ban
- City Offices Closure – Monday, July 4th
- Shred Event - Saturday, August 6th 8 a.m. - Noon

EXECUTIVE SESSION:

Mayor Pro Tem Loudenback recessed the regular meeting for an Executive Session at 9:19 p.m. to discuss potential litigation pursuant to RCW 42.30.110(1)(i). No action was anticipated as a result of the Executive Session, which was expected to last 10 minutes and videotaping of the meeting ceased.

The regular meeting was reconvened at 9:28 p.m.

ADJOURNMENT:

Councilmember Gothelf **MOVED** to adjourn, seconded by Councilmember Rosen. The

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motion **PASSED** 5-0.

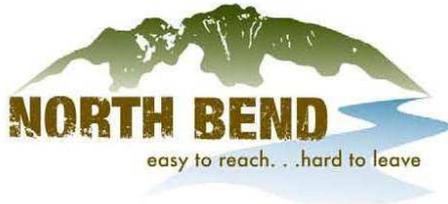
The meeting adjourned at 9:29 p.m.

ATTEST:

Ross Loudenback, Mayor Pro Tem

Susie Oppedal, City Clerk

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City Council Agenda Bill

SUBJECT:		Agenda Date: July 19, 2016	AB16-074
A Resolution Awarding a Contract to Fury Site Works, Inc. for the Ribary Creek Sediment Pond Project		Department/Committee/Individual	
		Mayor – Ken Hearing	
		City Administrator – Londi Lindell	
		City Attorney - Mike Kenyon	
		City Clerk – Susie Oppedal	
		Community & Economic Development – Gina Estep	
		Finance – Dawn Masko	
		Public Works – Mark Rigos, P.E.	
Cost Impact: \$20,908.80			
Fund Source: Storm Drainage			
Timeline: Immediate			
Attachments: Resolution, Contract			
SUMMARY STATEMENT:			
<p>City staff have been working with civil engineering firm The Blueline Group to complete design plans for the Ribary Creek Sediment Pond Project and staff compiled the bid documents using the Limited Public Works process per RCW 39.04.155. The project includes a stream bypass, sediment pond excavation, and grading. The Engineer’s Estimate for the project was \$25,000.</p> <p>The intent of the project is to remove sediment and debris from the man-made sediment pond so that the pond can function as designed to collect sediment. The sediment pond is adjacent to Ribary Creek. The sediment pond was last cleaned out in 2011 and there is approximately 700 cubic yards of material to be removed. This is a maintenance issue that will need to be addressed as sediment builds up in the pond, typically on a 2-3 year basis, depending on the severity of storms in any given year. All construction is planned to be completed by the end of August 2016 so that the work can be done while stream flows are lowest or completely gone. All applicable permits have been obtained.</p> <p>Using the Limited Public Works Process (RCW 39.04.155), construction bids were solicited from six contractors using the appropriate small works roster from MRSC. On June 30, 2016, five (5) bids were received. The lowest responsive and responsible bid was submitted by Fury Site Works, Inc. in the amount of \$20,908.80, including all applicable taxes. The other bids ranged from approximately \$23,000 to \$75,000. Funding will be provided by the City’s Storm Drainage Fund.</p>			
COMMITTEE REVIEW AND RECOMMENDATION: The Transportation & Public Works Committee reviewed this item at its July 13, 2016 meeting and recommended approval for placement on consent agenda			
RECOMMENDED ACTION: MOTION to approve AB16-074, a resolution awarding a contract for the Ribary Creek Sediment Pond Project to Fury Site Works, Inc. in the amount of \$20,908.80, in a form and content acceptable to the City Attorney.			
RECORD OF COUNCIL ACTION			
<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>	
July 19, 2016			

RESOLUTION

A RESOLUTION OF THE CITY OF NORTH BEND, WASHINGTON, ACCEPTING CONSTRUCTION BIDS AND AWARDING THE RIBARY CREEK SEDIMENT POND PROJECT TO FURY SITE WORKS, INC.

WHEREAS, the City entered into a professional services contract with The Blueline Group, to assist with the design plans for the Ribary Creek Sediment Pond Project (“the Project”); and

WHEREAS, upon completion of design, the City solicited bids on the Project from six (6) contractors on the MRSC Small Works Roster in accordance with RCW 39.04.155; and

WHEREAS, bids for the Project were due on June 30, 2016; and

WHEREAS, the lowest responsive and responsible bidder out of five (5) bids received was Fury Site Works, Inc. at \$20,908.80, including all applicable taxes;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The five (5) construction bids submitted for the Ribary Creek Sediment Pond Project are accepted.

Section 2. The construction contract for the Ribary Creek Sediment Pond Project, in a form and content acceptable to the City Attorney, is awarded to the lowest responsive and responsible bidder, Fury Site Works, Inc., in the amount of \$20,908.80, including all applicable taxes.

PASSED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 19TH DAY OF JULY, 2016.

CITY OF NORTH BEND:

APPROVED AS TO FORM:

Kenneth G. Hearing, Mayor

Michael R. Kenyon, City Attorney

ATTEST/AUTHENTICATED:

Effective:
Posted:

Susie Oppedal, City Clerk

**SMALL WORKS ROSTER
PUBLIC WORKS CONTRACT**

Between: City of North Bend and Fury Site Works, Inc.
Project: Ribary Creek Sediment Pond
Commencing: Upon the date identified in the Notice to Proceed
Terminating: Within 10 working days of the start date
Amount: \$20,908.80

THIS AGREEMENT, made and entered _____ 20__ by and between the **CITY OF NORTH BEND**, a Washington municipal corporation (the “City”) and **Fury Site Works, Inc.**, a _____ corporation/partnership, (the “Contractor”).

RECITALS

WHEREAS, the City desires to contract with the Contractor for stream bypass, sediment pond excavation, and grading per the plans and specifications.

WHEREAS, pursuant to the invitation of the City, extended through the City of North Bend Public Works Small Works Roster, the Contractor did file with the City a proposal containing an offer, and

WHEREAS, the City has determined that the contractor’s offer was the lowest responsive and responsible quote submitted;

NOW THEREFORE, in consideration of the terms and conditions contained in this contract, the parties covenant and agree as follows:

1. Scope of Work to be Accomplished. The Contractor shall obtain all permits and/or approvals, do all the work, including all construction and services, and furnish all tools, materials and equipment for the Ribary Creek Sediment Pond as described in the attached plans and specifications, and shall perform any alterations in or additions to the work as provided under this contract. The Contractor shall provide and bear the expense of all equipment, work and labor of any sort whatsoever that may be required for the transfer of materials and for constructing and completing the work provided for in this contract, unless otherwise specified in the attached plans and specifications (**Attachment A**).

2. Contract Documents. The contract between the parties includes this contract, along with the attached plans and specifications (**Attachment A**), project quote (**Attachment B**) Performance Bond (**Attachment C**), L&I form *Statement of Intent to Pay Prevailing Wages - Public Works Contract* (**Attachment D**), *Declaration of Option for Management of Statutory Retained Percentage* (**Attachment E**), and Small Works Roster listing (**Attachment F**), which

are hereby incorporated by reference and made a part of this contract as if set forth in full, and shall be referred to herein as the "Contract Documents".

3. City Responsibility/Payment. The City hereby promises and agrees to retain the Contractor to provide the materials to do and cause to be done the above described work and to complete and finish the same according to the attached plans and specifications, and the terms and conditions contained in this contract. The City agrees to pay the Contractor for the actual work completed according to the Scope of Work, as described in the Contract Documents, and to pay for the same as set forth in the Contract Documents.

4. Time of Performance/Liquidated Damages. Work shall start on the date specified in the Notice to Proceed and shall be completed within 10 working days. If the work is not completed within the time specified, the Contractor agrees to pay to the City the sum of \$500 for each and every day the work remains uncompleted after expiration of the specified time, as liquidated damages, due to the difficulty and uncertainty of attempting to calculate related actual damages.

5. Warranties/Guaranty.

5.1. The Contractor warrants to the City that any materials and equipment furnished under this contract will be new and of good quality unless otherwise required or permitted by the Contract Documents, that the work will be free from defects, and that the work will conform with the requirements of the Contract Documents. Work not conforming to these requirements, including substitutions not properly approved and authorized, in writing by the City, may be considered defective.

5.2. The Contractor for him/herself, and for his/her heirs, executors, administrators, successors and assigns, does hereby agree to the full performance of all the covenants herein contained upon the part of the Contractor. Contractor shall be responsible for, and shall indemnify and hold the City harmless from any damage or expense by reason of failure of performance as specified in the Contract Documents. The Contractor shall further indemnify and hold the City harmless from defects appearing or developing in the material or workmanship provided or performed under the Contract Documents within a period of one year after its acceptance thereof by the City.

6. Change Orders. Changes in the scope of work to be performed, in the amount of the contract sum, or in the time for completion of the work may be accomplished only by a written document, signed by the Contractor and Kenneth Hearing, Mayor on behalf of the City. Once effective, the Contractor shall proceed promptly with the work as modified, unless otherwise provided in the change order.

7. Insurance. The Contractor shall procure and maintain for the duration of the contract, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors. The Contractor shall provide a Certificate of Insurance evidencing:

1. Automobile Liability insurance with limits no less than \$1,000,000 combined single limit per accident for bodily injury and property damage; and
2. Commercial General Liability insurance written on an occurrence basis with limits no less than \$1,000,000 combined single limit per occurrence and \$1,000,000 aggregate for personal injury, bodily injury and property damage. Coverage shall include but not be limited to: blanket contractual; products/completed operations; broad form property damage; explosion, collapse and underground (XCU) if applicable; and employer's liability.
3. Worker's Compensation insurance at the limits established by the State of Washington.

Any payment of deductible or self insured retention shall be the sole responsibility of the Contractor. The City shall be named as an additional insured on the insurance policy, as respects work performed by or on behalf of the Contractor and a copy of the endorsement naming the City as additional insured shall be attached to the Certificate of Insurance. The Contractor's insurance shall be primary insurance as respect the City and the City shall be given thirty (30) days prior written notice of any cancellation, suspension or material change in coverage.

8. Performance Bond/Statutory Retainage/Prevailing Wages.

8.1. Performance Bond. Upon execution of his contract, as required by Chapter 39.08 RCW, the Contractor shall furnish a surety bond in the full amount of the contract price, plus State sales tax, which shall guarantee the faithful performance of the contract and the payment of all labor, mechanics, subcontractors, and materialmen and all persons who supply them with provisions and supplies for carrying out the work under this contract. This bond shall be in force until completion of the project and acceptance by the city and also upon such period thereafter during which the law allows liens to be filed and sued upon. This performance bond shall be furnished by a corporate surety company authorized to do business in the State of Washington, in a company acceptable to the City and on the form attached hereto.

Alternately, pursuant to RCW 39.08.010, in lieu of the performance bond required under this section, at the option of the Contractor the City may retain fifty percent of the contract amount for a period of thirty days after the date of final acceptance, or until receipt of all necessary releases from the Department of Labor and Industries and settlement of any liens filed under chapter 60.28 RCW, whichever is later.

8.2. Retained Percentage. Pursuant to Section 60.28.010 RCW, the City will hold five percent of the moneys earned by the Contractor pending completion of the work and final acceptance. In lieu of retainage, the Contractor may instead post a bond that is subject to the same claims as the retained funds, as further set forth in Section 60.28.011 RCW. The Contractor shall execute the attached "Declaration of Option for Management of Statutory Retained Percentage" for any monies reserved under Chapter 60.28 RCW.

8.3. Prevailing Wages. Pursuant to RCW Chapter 39.12.040, prior to payment by the City, the Contractor must submit -- on behalf of itself and each and every subcontractor -- the attached "Statement of Intent to Pay Prevailing Wages," which must be approved by the Department of Labor and Industries prior to its submission. Following the final acceptance of the project, the Contractor must submit -- on behalf of itself and each and every subcontractor -- an "Affidavit of Wages Paid" before the funds retained under subsection 8.2 of this contract are released to the Contractor.

9. City Business License Required. The Contractor must obtain a City of North Bend Business License before any payment under the contract can be made.

10. Assignment/Delegation. The Contractor shall not assign this contract nor delegate any duties hereunder without prior written consent of the City, which consent may be withheld by the City in its sole subjective discretion for any cause whatsoever.

11. Applicable Law; Venue. This contract shall be subject to, and the Contractor shall at all times comply with, all applicable state and local laws, regulations, rules and provisions of the City of North Bend Municipal Code and ordinances of the City of North Bend. Venue for any action hereunder shall be exclusively in King County Superior Court.

12. Termination. This contract can be terminated by either party upon default in performance of the other party, if such default is not cured within 10 days of notice thereof, and upon notification of intent to terminate this contract in writing 30 days prior to the date of termination. In case of default, the non-defaulting party shall have any and all remedies available to it in law or equity.

13. Notices. Any notice required by this contract may be delivered personally or mailed, certified with return receipt requested. If mailed, notice shall be deemed given upon the first business day after the date of the postmark. Notices shall be delivered or mailed to the following:

TO CITY:

TO CONTRACTOR:

Public Works Department
City of North Bend
Attn: Don DeBerg
P. O. Box 896
North Bend, WA 98045

Telephone: (425) 888-7652
Fax: (425) 888-0486

Fury Site Works, Inc.
Attn: John Day
43520 SE North Bend Way
North Bend, WA 98045

Telephone: 425-888-1596
Fax: 425-888-9469

14. Indemnity and Hold Harmless. The Contractor shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits, including attorney fees, arising out of or in connection with the performance of this contract, except for injuries and damages caused by the sole negligence of the City.

Should a court of competent jurisdiction determine that this contract is Subject to RCW 4.24.115, then in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Contractor and the City, its officers, officials, employees, and volunteers, the Contractor's liability hereunder shall be only to the extent of the Contractor's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Contractor's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this contract.

15. Independent Contractor. For all purposes, the Contractor shall be deemed an independent contractor and shall not be deemed an employee of the City.

16. Waiver. Waiver by the City of any breach of any term or condition of this contract shall not be construed as a waiver of any other breach.

17. Attorney's Fees. In the event any action is brought by either party to enforce the terms of this contract or for breach of this contract by the other party, the parties agree that the non-prevailing party shall pay to the prevailing party reasonable attorney's fees and expert witness fees, and costs and disbursements incurred by such party.

18. Entire Contract. This contract, together with all Contract Documents referred to herein, constitutes the entire agreement between the parties hereto.

19. Binding Effect. This contract shall be binding upon the parties, their heirs, personal representatives, successors and assigns.

20. Modification. No modification of this contract shall be of any force or effect, unless in writing signed by the parties.

21. Severability. If any provision of this contract is held invalid, the remainder shall not be affected thereby if such remainder would then continue to conform to the terms and requirements of applicable law, and shall continue in full force and effect.

22. Corporate Authority. Each individual executing this contract is duly authorized to execute and deliver this contract on behalf of the corporation in accordance with a duly adopted resolution of the Board of Directors of the corporation, or in accordance with the By Laws of said corporation, and that this contract is binding upon the corporation in accordance with its terms. A certified copy of such resolution shall be furnished to the City within ten (10) days of the date of the execution of this contract.

IN WITNESS WHEREOF, the parties have caused this contract to be duly executed as of the day and year first written above.

CITY OF NORTH BEND

FURY SITE WORKS

Kenneth G. Hearing, Mayor

(Authorized Representative)

Date: _____

(Title)

Date: _____

ATTEST:

Susie Oppedal, City Clerk

APPROVED AS TO FORM:

Michael R. Kenyon, City Attorney



City Council Agenda Bill

SUBJECT:		Agenda Date: July 19, 2016	AB16-075
Motion Accepting Torguson Park Picnic Shelter Built by John Day Homes and Authorizing Bill of Sale for same		Department/Committee/Individual	
		Mayor Ken Hearing	
		City Administrator – Londi Lindell	
		City Attorney - Mike Kenyon	
		City Clerk – Susie Oppedal	
		Community & Economic Development – Gina Estep	
		Finance – Dawn Masko	
Cost Impact: None (some maintenance over time)		Public Works – Mark Rigos, P.E.	
Fund Source: Developer generated			X
Timeline: Immediate			
Attachments: Bill of Sale, Photo of New Picnic Shelter			
SUMMARY STATEMENT:			
<p>In spring 2016, developer John Day Homes (JDH) built an approximate 30-foot wide by 40-foot long and 15-foot tall covered picnic shelter at Torguson Park (located in between the soccer field and southeast baseball field). The project included grading, import of crushed rock and compaction. The picnic shelter includes gutters, downspouts, a concrete pad, support posts, and pitched roof.</p> <p>The picnic shelter was built as required by a preliminary plat condition of the Ranger Station Cottages (Cottages) 55-lot subdivision near Thrasher Avenue. The picnic shelter was constructed as an <u>offsite</u> park improvement instead of <u>onsite</u> park playground equipment, as required under North Bend Municipal Code 18.12.040(C)(4)(c). Several years ago the City agreed to have the Cottages developer build an offsite picnic shelter to mitigate park impacts from 55 new cottages.</p> <p>A building permit and floodplain development permit for the structure were obtained by JDH from the City. The structure was built with flood-proofing materials two foot above the 100-year BFE (base flood elevation). During construction, the City’s Building Department staff made several building inspections and issued a final punch list. An Elevation Certificate was prepared for the structure in June 2016. Building Official Dave Spencer has approved the completion of the punch list and the structure can now be opened to the public.</p> <p>This agenda bill serves to document the Bill of Sale (attached) for the ownership transfer of the picnic shelter from JDH to the City. The picnic shelter structure has a one-year warranty.</p>			
COMMITTEE REVIEW AND RECOMMENDATION: This Agenda Bill was reviewed by the Transportation and Public Works (TPW) Committee on June 8, 2016 and July 13, 2016. TPW Committee recommended for approval and placement on Consent Agenda.			
RECOMMENDED ACTION: MOTION to approve AB16-075, accepting Torguson Park Picnic Shelter built by John Day Homes and authorizing Bill of Sale for same.			
RECORD OF COUNCIL ACTION			
<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>	
July 19, 2016			

FILED FOR RECORD AT REQUEST OF:

CITY CLERK
CITY OF NORTH BEND
P O BOX 896
NORTH BEND, WA 98045

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS that for, and in consideration of, the sum of One Dollar (\$1.00) and other good and sufficient consideration, receipt whereof is hereby acknowledged, the undersigned Seller(s) John Day Homes, does by these presents hereby convey, set over, assign, transfer and sell to the **City of North Bend**, a municipal corporation of the state of Washington (the "City") the following described picnic shelter building located at Torguson Park, located along East North Bend Way, warrants against defects in labor or materials appearing within one year from the date hereof:

Commonly known as: Torguson Park Picnic Shelter

Seller warrants that he is the sole owner of all the facility described above and has full power to convey all rights herein conveyed and agrees to hold the City of North Bend harmless from any and all claims which might result from execution of this document.

Seller warrants that the facility described above is free from all liens and encumbrances and Seller warrants and will defend the property hereby sold to City and its successors and assigns against the lawful claims and demands of all persons.

By accepting and recording this instrument, the City accepts and agrees to maintain the Torguson Park Picnic Shelter as part of the City's Parks System in the same manner as though it had been constructed by the City.

IN WITNESS WHEREOF the Seller(s) has/have executed these presents this ____ day of _____, 20____.

Seller: _____

Purchaser: _____





City Council Agenda Bill

SUBJECT:	Agenda Date: July 19, 2016	AB16-076
Continuation of Public Hearing and Ordinance Updating Sewer Utility Rates and General Facilities Charges	Department/Committee/Individual	
	Mayor Ken Hearing	
	City Administrator – Londi Lindell	X
	City Attorney - Mike Kenyon	
	City Clerk – Susie Oppedal	
	Community & Economic Development – Gina Estep	
	Finance – Dawn Masko	X
Cost Impact: N/A	Public Works – Mark Rigos, P.E.	X
Fund Source: N/A		
Timeline: Immediate		

Attachments: Ordinance; FCSG June 16, 2016 Sewer Rate Report; Sewer Rate Comparison Chart; July 7, 2016 Town Hall Power Point Presentation; Town Hall Sign Up Sheet; June 21, 2016 FCSG Power Point Presentation; List of \$15.6M Sewer Plant Capital Projects; 6% Utility Tax Impact on Residential Ratepayer, Written Public Comments; Public Hearing Notice

SUMMARY STATEMENT:

Background

In 2013 then Public Works Director Frank Page and consultant John Markus with Tetra Tech identified numerous problems at the City of North Bend’s aging 1950s Wastewater Treatment Plant (“Sewer Plant”) and presented a list of 29 proposed Sewer Plant improvements to the City Council. The Council approved an emergency contract in 2014 and early 2015 to solve 3 of those problems. Since then, the condition of the remaining 26 issues at the Sewer Plant have continued to degrade. The City Council has invested approximately \$3 million into both improvements and analyzing the best long term solution to the problem during the last 3 years.

Capital Facilities Plan-Sewer Comprehensive Plan

Because of the growing list of needs at the Sewer Plant and unprecedented growth in the City and in order to comply with the City’s permit requirements, the City Council authorized a contract with Tetra Tech for the preparation of a Wastewater Capital Facilities Plan, Sewer Comprehensive Plan, and Sewer Rate Study to study the best long term solution to handling the citizen’s sewer needs. Council directed that consistent with Council’s policy direction that “growth pay for growth” new development must pay its proportional share of the Sewer Plant upgrades to insure that rate payers are not subsidizing any portion of such development. The Capital Facilities Plan studied 3 alternatives and ultimately both Council and the citizens who attended the public meetings supported the least expensive option of remodeling the existing Sewer Plant (\$27 Million) as opposed to building a new plant in a different location in North Bend (\$53 Million) or contracting with a regional provider (\$63 Million). The benefit of a Capital Facilities Plan is it will allow the City to implement future capital improvements expeditiously through Department of Ecology without needing individual design reports which are a lengthy permit requirement. Once Ecology has approved the City’s Capital Facility Plan, the door to low-interest loans and potential grant funding will be available to North Bend.

Why Must Rates and GFCs Increase?

A sewer utility is an enterprise fund which means it must be self-supporting. The two primary forms of revenue for this fund are from existing rate payers who pay a monthly fee and from new users who wish to hook up to the system and pay a one-time connection fee which is called a General Facility Charge (“GFC”). The Capital Facilities Plan has clearly identified and documented the capital needs of the Sewer Plant through 2036. The List of Capital Projects totally \$15.6 million attached to this Agenda Bill are proposed to be made at the Sewer Plant during the next 5 years after the rate increase and under the Capital Facilities Plan these will be all the necessary improvements for the Sewer Plant through the year

City Council Agenda Bill

2029. In addition, there will be increases to the Operation and Maintenance (O&M) at the plant as a result of the construction of these new capital improvements at the Sewer Plant (e.g. power, chemicals, sludge handling). Further, due to regulatory requirements and in order to deal with issues associated with Inflow and Infiltration (I&I), new employees will be added to inspect the aging and failing sewer collection and manhole system which feeds into the Sewer Plant. Both the capital improvements and the new O&M costs will be paid for with the proposed increase in rates and GFCs.

How Were Increases in the Sewer Rates and GFC Calculated?

FCS Group of Redmond, WA was selected to complete a rate study on the City’s sewer rates. FCSG studied the Capital Facilities Plan prepared by Tetra Tech, the need for \$15.6 million dollars in capital improvements, the need for various increases in Operation and Maintenance (O&M) and presented suggested increases in monthly sewer rates and GFCs to first Council Committees and ultimately the entire City Council.

On May 3rd staff presented a proposed rate increase to the Finance and Administration Committee (F&A) which followed the City’s existing rate structure – a simple across the board percentage increase to the base charge and usage charge, with no change to the generally flat rate structure. The F&A Committee did not agree with staff’s recommendation and asked the consultant to prepare new rates as follows:

1. Provide rate equality between the residential customers and the commercial customers because residential customers had been subsidizing commercial uses under the old rate structure;
2. Lower the base fixed charge rate and increase the variable usage charge in order to encourage water conservation; and
3. If possible, keep the average single-family residential bill below \$100 per month at the end of 5 years.

The consultant was able to achieve the first two objectives but not the third objective and a revised rate structure was then presented to the F&A Committee on June 7, 2016 and to the Transportation and Public Works Council Committee on June 8, 2016. Upon review of the revised rate structure, the F&A Committee requested that the rates and GFCs be further adjusted to better align with the Council’s goal that “growth pay for growth”. Tetra Tech, FCSG, and City staff subsequently further adjusted the revenues between the rates and the GFCs.

The attached June 16, 2016 FCSG Report and power point presentation describes in detail the assumptions, findings and calculations for the new rate structure. In short, the fixed fee has been reduced for all users and the variable fee (usage charge) has been raised. See page 19 of the July 7, 2016 Town Hall Power Point Presentation to see the division between the base rate and variable rate for a typical residential rate payer. This rate structure will encourage water conservation for all users. If Council adopts the attached Ordinance, the below shows the impact on an average rate payer over the next 5 years:

Date	Sewer Rate
Today	\$76.09
9-1-16	\$78.11
1-1-17	\$88.01
1-1-18	\$95.26
1-1-19	\$103.13
1-1-20	\$111.36

City Council Agenda Bill

In addition to the sewer rates, FCSG performed a study of the General Facilities Charges (GFCs). The current connection fee or GFC to hook up to the Sewer Plant is \$5,840. In calculating the new GFCs, FCSG took into account the improvements necessary for the growth of the community and the assessments that Utility Local Improvement District (“ULID”) customers are already obligated to pay. FCSG recommended a variable GFC charge, with ULID customers paying less (\$7,699) than non-ULID customers (\$10,222).

Public Hearing

On June 21, 2016, the City Council opened the public hearing and staff made a presentation during which time staff strongly recommended revising the sewer rates and GFCs as attached in order to fund the improvements necessary to the sewer system, which will affect repairs to inadequate or damaged equipment, as well as providing funding for needed future capacity improvements within the Sewer Plant. Following the public hearing, Council requested staff conduct a Town Hall Meeting and provide additional opportunity for citizens to learn more about the reasons for the sewer rate increases. Staff provided an optional Sewer Plant tour and a Town Hall Meeting on July 7, 2016. Approximately 25 to 30 people attended the meeting (not all persons signed the Sign Up Sheet) and approximately 8 people attended the tour. A slight majority of persons who signed the “Sign Up Sheet” were currently on septic and would not be affected by the rate increase unless they later elected to connect to public sewer. Staff will present a condensed version of the attached Town Hall Power Point presentation to the City Council during the continued Public Hearing and summarize some of the issues raised at the Town Hall Meeting as follows:

- Winter Averaging. A number of citizens asked the City to consider winter averaging. Staff advised the citizens that the proposed ordinance contains the following specific language: “For the months of April through October, consumption amounts for sewer services will be based on the average water consumption during the months of November through March, so as not to penalize sewer customers using water for lawn and garden irrigation and other summer activities.” This resolved the citizen’s concerns about this issue as the City does perform winter averaging and accordingly a citizen is not penalized for watering their lawn or washing their car as incorrectly reported in social media.
- Comparable City/Districts Sewer Rates. One citizen asked that the Council consider comparable sewer rates from surrounding jurisdictions and then set North Bend’s sewer rate based upon such comparable rates. Councilmember Volken who is also a member of the F&A Committee mentioned that his committee considered this comparable data (attached) but that this information is not significantly relevant in determining a necessary rate for purposes of the Sewer Plant. Councilmember Volken mentioned the attached chart showed a large variable of over \$100 a month (Seattle, Shelton and Chehalis) to as low as under \$28 a month (Edmonds) and that such variables appeared related to circumstances associated with each plant such as large regional providers (e.g. Metro and Brightwater) may have efficiencies of scale which North Bend does not have and also that each sewer utility is unique. Mr. Volken also mentioned the deferred maintenance of the City’s Sewer Plant (collection system and treatment plant) as a unique circumstance justifying the rate increases.
- Cut Other City Services. One citizen suggested the City Council closely review its entire budget to look for savings and consider zero based budgeting. During the last 10 years, Council has only taken the 1% property tax increase twice and has consistently conservatively reviewed the budget seeking programming and staff savings. This type of review is more appropriate during the Biennial Budget process. Staff discussed legal limitations surrounding a utility fund as an enterprise fund and how this fund needs to be self-supporting and be funded from a combination of rates and GFCs.
- Equipment Replacement Fund. One citizen asked why there were not funds in an equipment

City Council Agenda Bill

replacement fund to pay for the \$27 million dollars of improvements being recommended by the Capital Facilities Plan. Mayor Ken Hearing discussed a prior City Council's decision to reduce equipment replacement reserves due to the 10 year water moratorium but how this Council was slowly building back up such equipment reserves.

- Utility Tax. One citizen suggested the City eliminate the 6% utility tax on all sewer bills. The attached slide entitled Impact on Typical Residential Ratepayer has been revised to include a new orange bar showing the addition of the 6% utility tax, as requested by this citizen. State law authorizes cities such as North Bend to impose a uniform utility tax on all utility services (private and public utilities such as water, sewer, cable TV, phone, internet, gas, power, etc.) under RCW 35A.82.020 which is the enabling provision for a code city such as North Bend. The North Bend City Council adopted such a utility tax in 2003 and this has been an important component of funding a significant portion of your General Fund. See Chapter 5.06 of the North Bend Municipal Code. The majority of the City's General Fund covers the City Council's number one governmental priority - public safety for police and fire services. The City collects approximately \$1 million dollars a year in utility taxes to fund its \$7.6 million General Fund from these various private and public utility entities (including the City of North Bend sewer enterprise fund). There are constitutional requirements for uniform taxation so it is difficult to selectively remove a utility tax from one utility but leave it in place for all other utilities. The General Fund could simply not survive a million dollar reduction in revenue and still continue to deliver the necessary public safety services you have identified as basic government services.
- Design/Build/Operate Option. One citizen suggested that the City should study this option not only in connection with the actual construction of various phases of the necessary capital improvements identified in the Capital Facilities Plan but that the City should have advertised the entire Sewer Plant and all staffing needs for such Sewer Plant as a "Design/Build/Operate" option in connection with the options studied as part of the Capital Facilities Plan. Our consultant from Tetra Tech correctly stated that these types of design/build/ for the construction portion of public projects (not including privatization of the work force) generally did not pencil out unless they were a minimum dollar amount which generally exceeded our \$27 million dollar price tag. Although not mentioned by Tetra Tech, the nature of our proposed improvements is that they will be advertised and bid in phases over an approximately 5 year period of time and by various subcontractors based upon the nature of the work (See attached list of capital improvements). Accordingly, the City project would not be of a dollar amount and scope compatible with a typical design/build project. Tetra Tech did share at the Town Hall meeting that the City had attempted the design/build option in connection with the purchase of the UV equipment for the Sewer Plant this year but after the promised savings turned out to be false returned to the traditional bid process in purchasing the equipment and constructing the project. As Council may recall, the City also studied this option in connection with our Civic Center and again, we learned the purchase price for the Civic Center was not sufficient to generate interest for such an option. We are happy to consider this method in pursuing construction of various portions of these capital projects if we believe we can generate cost savings.

Tonight, Council has continued the June 21, 2016 public hearing in order to provide an additional opportunity for additional public comment and input to these increasing sewer rates and GFCs.

Conclusion

The City has been aware of significant deficiencies at its Sewer Plant for almost 4 years and has been studying the best long term solution with its consultant in consultation with Department of Ecology. The final draft of North Bend's Capital Facilities Plan has identified \$15.6 million in improvements through the year 2029 to address various regulatory problems, inflow and infiltration issues, collection system

City Council Agenda Bill

<p>issues, staffing issues, O&M and accordingly, it is time to increase sewer rates and the City’s connection fee or GFC to fully fund the improvements and ongoing operation costs. Staff encourages Council to adopt the attached Ordinance providing for this additional revenue.</p>		
<p>COMMITTEE REVIEW AND RECOMMENDATION: This item was reviewed by the Finance and Administration Committee at their June 7, 2016 meeting who recommended revisions. This item represents the revisions recommended.</p>		
<p>RECOMMENDED ACTION: MOTION to approve AB16-076, an ordinance setting new Sewer Rates and General Facilities Charges and amending the Taxes, Rates & Fees Schedule, as a first and final reading.</p>		
RECORD OF COUNCIL ACTION		
<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
June 21, 2016	AB16-070 Continued to July 19, 2016	
July 19, 2016		

ORDINANCE

AN ORDINANCE OF THE CITY OF NORTH BEND, WASHINGTON, INCREASING SEWER UTILITY RATES AND SEWER GENERAL FACILITY CHARGES AND AMENDING THE TAXES, RATES, AND FEES SCHEDULE

WHEREAS, the City of North Bend (“City”) operates a sewer and stormwater utility as authorized by Chapter 35.67 RCW; and

WHEREAS, general facilities charges (“GFCs”) are collected by the City for each new Equivalent Residential Unit added to the sewer utility, and those GFCs are designated to pay for a proportionate share of the existing sewer infrastructure as well as a proportionate share of future capital projects over a five-year period; and

WHEREAS, the City’s existing sewer customers are responsible for paying for repairs to existing infrastructure within the sewer system; and

WHEREAS, the City Council adopted Ordinance 1084, the Taxes, Rates and Fees Schedule, effective November 2, 1999; and

WHEREAS, the Taxes, Rates and Fees Schedule, which includes sewer rates and GFCs, was last amended by Ordinance 1586, effective May 16, 2016; and

WHEREAS, the City last studied and adjusted sewer rates and GFCs in 2012; and

WHEREAS, the cost of operations to process sewer has increased at a rate equal to or higher than inflation; and

WHEREAS, numerous needs have been identified at the wastewater treatment plant (WWTP) in order to continue providing sewer service in the City; and

WHEREAS, the City contracted with Tetra Tech, Inc. to develop a Sewer Capital Facilities Plan, Sewer Comprehensive Plan, and Sewer Rate Study; and

WHEREAS, Tetra Tech, Inc. has identified approximately \$15 million worth of capital improvement projects at the WWTP to be accomplished within the next five years; and

WHEREAS, the City’s sewer rates and GFCs have been re-calculated to recover costs necessary to make improvements to repair those existing deficiencies identified during the planning process with Tetra Tech, Inc.; and

WHEREAS, the City Council desires to revise the sewer rate structure such that all classes of customers are subject to the same base rate and usage fees, except seniors, low-income, and those customers outside the City limits; and

WHEREAS, the City Council desires to revise the sewer rate structure to encourage water conservation practices by lowering the base fixed fee and raising the variable usage fee; and

WHEREAS, the City Council finds it appropriate to the amend Taxes, Rates and Fees Schedule to reflect increased costs associated with providing sewer services as well as sewer public facilities and infrastructure;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Sewer Rates. The Taxes, Rates, and Fees Schedule as adopted by Ordinance 1084 and last amended by Ordinance 1586, is amended in part by repealing Section 13.36, *Sewer Rates*, and replacing it with a new Section 13.36, *Sewer Rates*, to read as follows:

13.36 Sewer Rates

13.36.190 Sewer Permits – Application Fee, Review & Inspection \$50 plus actual cost for application review and installation inspection

DESCRIPTION	TAX, RATE, OR FEE				
	Effective 9/1/2016	Effective 1/1/2017	Effective 1/1/2018	Effective 1/1/2019	Effective 1/1/2020
13.36.270(A) Single-family Residential Units (inside City limits) including duplexes, triplexes, apartment houses, condominiums, trailer courts & other multifamily, provided each unit is supplied with a separate water meter	\$ 55.45	\$ 62.49	\$ 67.65	\$ 73.23	\$ 79.09
PLUS					
per cubic meter of water usage	\$ 5.54	\$ 6.24	\$ 6.75	\$ 7.31	\$ 7.89

	over the first ten CM					
	Senior/Low Income Rate	\$ 25.43	\$ 28.66	\$ 31.02	\$ 33.58	\$ 36.27
13.36.270(B)		Effective 9/1/2016	Effective 1/1/2017	Effective 1/1/2018	Effective 1/1/2019	Effective 1/1/2020
	Multi-family Residential: single family, duplexes, triplexes, apartment houses, condominiums, trailer courts & other multi-family dwellings(inside City limits) served jointly by one water meter, <i>per unit</i>	\$ 55.45	\$ 62.49	\$ 67.65	\$ 73.23	\$ 79.09
	PLUS					
	per cubic meter of water usage over the first ten CM	\$ 5.54	\$ 6.24	\$ 6.75	\$ 7.31	\$ 7.89
13.36.270(C)		Effective 9/1/2016	Effective 1/1/2017	Effective 1/1/2018	Effective 1/1/2019	Effective 1/1/2020
	Mixed Use (residential/commercial) (inside City limits) <i>served by one water meter.</i>					
	One Commercial Base Charge	\$ 55.45	\$ 62.49	\$ 67.65	\$ 73.23	\$ 79.09
	PLUS					
	MultiFamily Charge (<i>per each Residential unit</i>)	\$ 55.45	\$ 62.49	\$ 67.65	\$ 73.23	\$ 79.09
	PLUS					
	per cubic meter of water usage (at Commercial Rate) over the first twenty CM	\$ 5.54	\$ 6.24	\$ 6.75	\$ 7.31	\$ 7.89
13.36.270(D)		Effective 9/1/2016	Effective 1/1/2017	Effective 1/1/2018	Effective 1/1/2019	Effective 1/1/2020

13.36.270(E)	Commercial and All Other Users (inside City limits)	\$ 55.45	\$ 62.49	\$ 67.65	\$ 73.23	\$ 79.09
	PLUS					
	per cubic meter of water usage over the first ten CM	\$ 5.54	\$ 6.24	\$ 6.75	\$ 7.31	\$ 7.89
		Effective 9/1/2016	Effective 1/1/2017	Effective 1/1/2018	Effective 1/1/2019	Effective 1/1/2020
	Commercial and All Other Users (outside City limits)	\$ 83.17	\$ 93.73	\$ 101.46	\$ 109.83	\$ 118.62
	PLUS					
	per cubic meter of water usage over the first ten CM	\$ 8.32	\$ 9.38	\$ 10.15	\$ 10.99	\$ 11.87

13.36.270(F) If any user, by reason of the user’s activities, in in two or more of the above classifications, the rate charged shall be the highest rate.

13.36.270(G) Sewer Charge – Independent Water Purveyor

13.36.270(H) Sewer Charge – Private Source

13.36.270(J) Sewer Service Surcharge 6% of Total Monthly Charges

The rates published are effective as of the dates noted; provided, that the last-effective published rates will be automatically increased/decreased based on CPI-W Index for Seattle/Tacoma area (August to August comparison) for each subsequent year beginning January 1, 2021. For the months of April through October, consumption amounts for sewer services will be based on the average water consumption during the months of November through March, so as not to penalize sewer customers using water for lawn and garden irrigation and other summer activities.

Section 2. General Facilities Charges: The Taxes, Rates and Fees Schedule as adopted by Ordinance 1084 and last amended by Ordinance 1586, is amended in part by repealing Section 13.38.040(A) and replacing it with a new Section 13.38.040(A) to read as follows:

		Effective 09/01/16*		
13.38.040(A)	Equivalent Residential Unit (ERU) Based on water meter size:	ERUs	Charge Non-ULID #6	Charge ULID #6
		5/8" or 3/4"	1	\$ 10,222.00

1"	2.5	\$ 25,555.00	\$ 19,247.50
1-1/2"	5	\$ 51,110.00	\$ 38,495.00
2"	8	\$ 81,776.00	\$ 61,592.00
3"	16	\$ 163,552.00	\$ 123,184.00
4"	25	\$ 255,550.00	\$ 192,475.00

*The charges in this table will be automatically increased each year on January 1st, compared to the prior year, by the percentage reflected in the Seattle ENR Construction Cost Index (CCI).

Section 3. Severability: Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

Section 4. Effective Date: This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force on September 1, 2016.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 19TH DAY OF JULY, 2016.

CITY OF NORTH BEND:

APPROVED AS TO FORM:

Kenneth G. Hearing, Mayor

Michael R. Kenyon, City Attorney

ATTEST/AUTHENTICATED:

Published:
 Effective: September 1, 2016

Susie Oppedal, City Clerk



Memorandum

To: Don DeBerg, City Engineer

Date: June 16, 2016

From: Angie Sanchez Virnoche, FCS GROUP Principal

CC: Mark Rigos, City Public Works Director; John Markus and Jim Santroch, Tetra Tech

RE: Sewer Rate Study

FCS GROUP (FCS) is a sub-consultant to Tetra Tech for the City of North Bend Wastewater Facilities Plan (WWFP) and was retained to perform a Sewer Rate Study during the initial phase of the project to recommend changes to existing sewer rates to pay for current and upcoming sewer system costs through the year 2020. The rate study focuses on identifying the appropriate rate adjustments that will be required to ensure that adequate funds are available for operation, maintenance and for implementation of capital improvements to the sewer utility from present through year 2020.

This memorandum discusses the methodology and outcomes of the sewer rate study developed that allow the sewer utility to remain financially viable during the planning period. This study considers the City's current and recommended financial and policy obligations, operation and maintenance needs, and the financial impact of completing the 2016-2020 capital projects identified in the WWFP.

Revenue Requirement

The sewer utility is an enterprise fund, meaning it is self-sufficient and rates and fees collected for sewer service support the financial obligations of the utility. The primary source of funding is derived from ongoing monthly charges for service, developer connection charges and a minor amount of additional revenue coming from interest earnings. The City controls the level of user charges and, subject to statutory authority, can adjust user charges as needed to meet financial objectives. The City maintains a fund structure and implements financial policies that target management of a financially viable and fiscally responsible sewer system.

A revenue requirement analysis forecasts the amount of annual revenue that needs to be generated by user rates in a given year to meet that year's expected financial obligations. The analysis incorporates operating revenues, O&M expenses, debt service payments, rate-funded capital needs, and all other identified revenues or expenses related to operation of the City's wastewater facilities. In addition to annual operating costs, the revenue needs also include debt covenant requirements and specific fiscal policies and financial goals of the City. The objective of the rate study is to evaluate the sufficiency of the current level of rates.

The revenue requirement is developed from 2016 budget documents along with other key factors and assumptions to develop a complete portrayal of the City's annual financial obligations. The following is a list of the key revenue and expense factors and assumptions used in the development of the rate study:

Firm Headquarters

7525 166th Ave. NE., Suite D-215
Redmond, Washington 98052

Locations

Redmond, WA | 425.867.1802
Portland, OR | 503.841.6543

June 16, 2016
City of North Bend
Sewer Rate Study

- ◆ **Revenue** – The City has two general revenue sources: revenue from charges for service (rate revenue) and miscellaneous (non-rate) revenue. In the event of a forecasted annual shortfall, rate revenue can be increased to meet the annual revenue requirement. The non-rate revenue of interest earnings is forecast based on fund balances and an assumed interest earnings rate.
- ◆ **General Facility Charge (GFC) Revenue** – The GFC is a fee imposed as a condition of service on new customers connecting to the system. The current GFC of \$5,852 is expected to generate \$183,000 in revenue from 32 ERUs in 2016. The GFC has been updated and is expected to increase to \$10,222 per ERU for City customers and \$7,699 per ERU for ULID customers. An additional \$100,000 may be generated in 2016 with an implementation date for new GFCs of August 1, 2016 (estimated 10 units connecting at the City charge). The GFC update is discussed later in this memorandum. Per the City’s request, the revenue generated from adoption of the updated GFCs has been included in the rate study. The GFCs are expected to generate revenue in the range of \$935,000 to \$1.1 million during 2017-2020. Anticipated new ERUs range from 100-113 per year. This revenue source is used to fund the capital improvement program.
- ◆ **Growth** – Rate revenue is escalated based on an annual average growth rate of 4.33% beginning in 2017. It is lower than the growth rate included in the WWTP Update to recognize the lower rate of actual growth the City has been experiencing over the last few years and the anticipated level of growth that is anticipated in the future.
- ◆ **Expenses** – O&M expense projections are based on the 2016 budget and are forecast to increase with general cost inflation of 2.29 percent, labor cost inflation of 2.87 percent, and benefit cost inflation of 8.0 percent. Budget figures were used for the 2016 taxes; future taxes are calculated based on forecasted revenues and prevailing tax rates.
- ◆ **Additional O&M expenses** – The WWTP update identified additional O&M costs associated with power, chemicals, material, labor, lab testing, sludge handling, equipment replacement and collection system asset management. The additional O&M expenses range from \$286,000 to \$795,000 per year.
- ◆ **Existing Debt** – The City currently has a total of five outstanding sewer debt issues related to a 2010 water and sewer refunding revenue bond, 2015 LTGO refunding bonds, I&I SRF Phase I loan, I&I SRF Phase II loan, and a WWTP Phase II SRF loan. Total existing debt obligations range from \$390,000 in 2016 decreasing to \$324,000 in 2020 with the elimination of the I&I Phase I loan in 2019.
- ◆ **Future Debt** – The capital financing strategy developed for this WWFP Update indicates that borrowing will be required. The City will have access to a \$3.5 million line of credit to meet short-term capital funding needs during 2016 – 2019. The funds will be rolled into two bond issues – the first in 2017 for \$6.9 million and the second in 2019 for \$5.1 million. Both revenue bonds are for a 25-year term and have interest rates of 3.87 percent and 4.14 percent, respectively.
- ◆ **Capital Funding Plan** - The capital plan developed for the initial five-years of the WWFP Update totals \$15.6 million (inflated costs to the year of construction). **Table 1** provides an annual summary of the capital costs.

Table 1. Summary of Annual Capital Costs

Year	Cost
2016	\$2,801,000
2017	904,928
2018	4,319,939
2019	2,507,019
2020	5,139,172
Total	\$15,672,059

- ◆ **Fund Balances** - Operating reserves are designed to provide a liquidity cushion to ensure that adequate cash working capital will be maintained to deal with significant cash balance fluctuations such as seasonal fluctuations in billings and receipts, unanticipated cash expenses, or lower than expected revenue collections. The City’s current policy is to maintain a minimum balance in the Operating Fund equal to 90 days of O&M expenses. This balance is maintained throughout the five year time period and ranges from \$360,000 to \$530,000.
- ◆ **Capital Fund** – A capital fund is an amount of cash set aside in case of an emergency should a piece of equipment or a portion of the utility’s infrastructure fail unexpectedly. The reserve also could be used for other unanticipated capital needs including capital project cost overruns. Industry practices range from maintaining a balance equal to 1 to 2 percent of fixed assets, an amount equal to a 5-year rolling average of CIP costs, or an amount determined sufficient to fund equipment failure (other than catastrophic failure). The minimum capital fund target for the City has been set at 2 percent of sewer utility asset value ranging from \$750,000 to \$990,000. The fund balance is maintained above this minimum target level for the five year period under review.

SUMMARY OF REVENUE REQUIREMENT

A revenue requirement analysis enables the City to set utility rate structures which fully recover the total cost of operating the sewer system: capital improvement and replacement, operations, maintenance, general administration, fiscal policy attainment, cash reserve management, and debt repayment. **Table 2** provides a summary of the five-year revenue requirement and rate strategy based on the forecast of revenues, expenditures, fund balances and fiscal policies.

The financial forecast indicates that there is an existing deficiency at current rate levels, and that sewer rates will need to increase to meet the total annual revenue requirement in all years. Rates would need to increase by 12.7 percent in 2016 and 2017, 8.25 percent in 2018 and 2019 and 8.0 percent in 2020.

Table 2. Summary of Annual Revenue Requirements

	2016	2017	2018	2019	2020
Revenues					
Rate Revenues Under Existing Rates	\$ 1,780,500	\$ 1,857,577	\$ 1,937,991	\$ 2,021,887	\$ 2,109,413
Non-Rate Revenues	2,000	3,955	4,195	4,205	4,255
Total Revenues	\$ 1,782,500	\$ 1,861,532	\$ 1,942,186	\$ 2,026,091	\$ 2,113,668
Expenses					
Cash Operating Expenses	\$ 1,468,388	\$ 1,872,891	\$ 1,933,744	\$ 2,040,488	\$ 2,189,293
Existing Debt Service	390,251	389,722	389,638	326,907	324,071
New Debt Service	23,764	89,096	321,646	621,925	851,750
Rate Funded System Reinvestment	-	-	-	-	-
Total Expenses	\$ 1,882,403	\$ 2,351,708	\$ 2,645,028	\$ 2,989,319	\$ 3,365,115
Net Surplus (Deficiency)	\$ (99,903)	\$ (490,176)	\$ (702,842)	\$ (963,228)	\$ (1,251,447)
Additions to Meet Coverage	-	-	-	-	-
Total Surplus (Deficiency)	\$ (99,903)	\$ (490,176)	\$ (702,842)	\$ (963,228)	\$ (1,251,447)
Annual Rate Adjustment	12.70%	12.70%	8.25%	8.25%	8.00%
Cumulative Annual Rate Adjustment	12.70%	27.01%	37.49%	48.83%	60.74%
Rate Revenues After Rate Increase	\$ 1,931,249	\$ 2,359,363	\$ 2,664,573	\$ 3,009,265	\$ 3,390,698
Additional In-Lieu of Taxes from Rate Increase	\$ 2,864	\$ 9,534	\$ 13,806	\$ 18,761	\$ 24,345
Net Cash Flow After Rate Increase	\$ 47,982	\$ 2,075	\$ 9,933	\$ 5,389	\$ 5,493
Coverage After Rate Increases	6.16	9.21	4.55	3.11	2.70

It is important that the City revisit the revenue requirement and rate forecast every year when budgets are developed to ensure that the rate projections developed remain adequate. Any significant changes in revenue or expenses from what was included in the plan should be incorporated and future rates should be adjusted as needed.

DEBT SERVICE COVERAGE

Debt service coverage is based on a commitment made by the City when issuing revenue bonds and some other forms of long-term debt. As a security condition of issuance, the City would be required per covenant to agree that the revenue bond debt would have a higher priority for payment (a senior lien) compared to most other expenditures; the only outlays with a higher lien are O&M expenses. Debt service coverage is expressed as a multiplier of the annual revenue bond debt service payment. For example, a 1.25 coverage factor means revenue must be sufficient to pay O&M expenses, annual revenue bond debt service payments, plus an additional 25 percent of annual revenue bond debt service payments. Targeting a higher coverage factor can help the City achieve a better credit rating and provide lower interest rates for future debt issues. The City’s current target for debt service coverage is 1.50. As shown in the coverage after rate increases in **Table 2**, the City is well above this established target ratio.

EXISTING AND PROJECTED RATES

The City’s existing sewer rate structure consists of a fixed monthly charge that is the same for all classes of service (except Senior/Low Income) and a variable rate per CM. The fixed charge includes 10 CM of

June 16, 2016
City of North Bend
Sewer Rate Study

average winter usage (20 CM for Mixed Use customers) per unit for Residential and Multi Family customers and per account for Commercial customers. The variable rate is applied per CM to winter average usage in excess of the 10 CM (20 CM for Mixed Use) allowance. **Table 3** provides a summary of the existing sewer utility rates.

Table 3: Existing Sewer Utility Rates

Individual Classes	2016		Notes:
	Fixed	per CM	
Residential	\$ 72.94	\$ 0.77	<i>per dwelling unit</i>
Senior/Low Income	33.46		<i>per dwelling unit</i>
Multi-Family	72.94	0.77	<i>per dwelling unit</i>
Mixed Use - MF	72.94	2.79	<i>per dwelling unit</i>
Mixed Use - Commercial	72.94	2.79	<i>per account</i>
Commercial	72.94	2.79	<i>per account</i>
Commercial Outside	111.98	3.43	<i>per account</i>

Note:
 1. Per CM rate is applied to usage over the 10CM (or 20CM for Mixed Use) winter average usage.

The Finance and Administration Committee (F&A) on May 3, 2016 identified that there was an apparent discrepancy in the effective sewer rates being charged to the average residential user as compared to the average commercial /industrial user. The F&A Committee had the following observations:

- The average commercial/industrial user was paying less per cubic meter than the average residential user.
- The existing rate structure did not encourage water conservation in all classes of customers

Based on these observations, the City requested FCS to restructure its sewer rates. Specifically, the City requested FCS to design rates, such that, the average cost per cubic meter (CM) for an average Single Family Residential customer bill and an average Commercial customer bill would be equal. The requested rate structure is not based on a traditional cost of service analysis but rather is based on accomplishing the F&A Committee policy objectives.

Table 4 presents a simplified sensitivity analysis to show the effect of the existing sewer rate structure as compared to the alternative rate structure on both residential and commercial customers from a spectrum of monthly wastewater volume discharges. The alternative rate combines all classes of service into one rate schedule and maintains the existing approach to billing the variable rate to winter average use in excess of the 10 CM (20 CM for Mixed Use) allowance. The cost differences show only the change associated with moving from the existing rate structure to the alternative rate structure and do not incorporate any rate increases needed to implement the 5 year CIP and future operations costs.

Table 4: Impact on Rates of Alternative Rate Structure

RESIDENTIAL							
Monthly CM	Existing		Alternative		\$ Difference	% Difference	Notes:
	Bill	\$/CM	Bill	\$/CM			
7.05	\$ 72.94	\$ 10.35	\$ 49.20	\$ 6.98	\$ (23.74)	-32.55%	Half the average use
14.09	76.09	5.40	69.34	4.92	(6.75)	-8.87%	Average Use
28.19	86.94	3.08	138.68	4.92	51.73	59.50%	Double the average use
42.28	97.80	2.31	208.02	4.92	110.22	112.71%	Three times the average use

COMMERCIAL							
Monthly CM	Existing		Alternative		\$ Difference	% Difference	Notes:
	Bill	\$/CM	Bill	\$/CM			
29.68	\$ 127.86	\$ 4.31	\$ 146.05	\$ 4.92	\$ 18.19	14.23%	Half the average use
59.37	210.68	3.55	292.10	4.92	81.42	38.64%	Average Use
118.74	376.32	3.17	584.20	4.92	207.88	55.24%	Double the average use
178.11	541.97	3.04	876.30	4.92	334.33	61.69%	Three times the average use

The average monthly use for a residential customer is 14.09 CM. The breakeven usage level between the existing and alternative Residential rate structure is 15.7 CM per month. Under the alternative rate structure, all Residential (non Multi Family) customers using less than 15.7 CM per month show a reduced monthly bill. Customers using above 15.7 CM will experience an increase in their monthly bill. A customer using three (3) times the average would experience a 112.7 percent increase.

For commercial customers, the alternative structure increases most customers’ bills compared to the existing structure. The average customer will experience an increase of 38.6 percent. Unlike Residential customers, the Commercial customer class is less homogenous in its usage behavior due to the different nature of each account (e.g. large grocery store versus a small business). This means usage will vary by individual customer and can deviate further from the average compared to the Residential class. A commercial customer using three (3) times the average would experience a 61.7 percent increase.

Table 5 shows the monthly rates under the alternative rate structure requested for the 2016-2020 time period. The rates are set to incorporate the proposed overall annual system increases of 12.7 percent in 2016-2017, 8.25 percent in 2018 and 2019 and 8 percent in 2020. The rate increases are required to meet the sewer system’s overall financial obligations and provide sufficient revenue to implement the five-year capital improvement program.

Table 5: Monthly Sewer Utility Rates

Description	Alternative	2016	2017	2018	2019	2020
Proposed Increases		12.70%	12.70%	8.25%	8.25%	8.00%
Monthly Fixed Charges (Includes 10 CM)						
Single Family (per account)	\$ 49.20	\$ 55.45	\$ 62.49	\$ 67.65	\$ 73.23	\$ 79.09
Senior/ Disabled (per account)	22.57	25.43	28.66	31.02	33.58	36.27
Multi Family (per unit)	49.20	55.45	62.49	67.65	73.23	79.09
Commercial (per account)	49.20	55.45	62.49	67.65	73.23	79.09
Mixed Use						
Commercial (per account)	49.20	55.45	62.49	67.65	73.23	79.09
Per Residential (per unit)	49.20	55.45	62.49	67.65	73.23	79.09
Outside City	73.80	83.17	93.73	101.46	109.83	118.62
Volume Charges (per CM > 10 CM)						
Single Family	\$ 4.92	\$ 5.54	\$ 6.24	\$ 6.75	\$ 7.31	\$ 7.89
Senior/ Disabled	n/a	n/a	n/a	n/a	n/a	n/a
Multi Family	4.92	5.54	6.24	6.75	7.31	7.89
Commercial	4.92	5.54	6.24	6.75	7.31	7.89
Mixed Use*	4.92	5.54	6.24	6.75	7.31	7.89
Outside City	7.38	8.32	9.38	10.15	10.99	11.87

Table 6 provides both a residential and commercial bill comparison incorporating the 2016 rate increase of 12.7 percent and applying the alternative rate structure

Table 6: Bill Comparison – Existing to 2016 Rates (Alternative Rate Structure)

RESIDENTIAL							
Monthly CM	Existing		Alternative		\$ Difference	% Difference	Notes:
	Bill	\$/CM	Bill	\$/CM			
7.05	\$ 72.94	\$ 10.35	\$ 55.45	\$ 7.87	\$ (17.49)	-23.98%	Half the average use
14.09	76.09	5.40	78.13	5.54	2.04	2.67%	Average Use
28.19	86.94	3.08	156.20	5.54	69.26	79.66%	Double the average use
42.28	97.80	2.31	234.28	5.54	136.49	139.56%	Three times the average use
COMMERCIAL							
Monthly CM	Existing		Alternative		\$ Difference	% Difference	Notes:
	Bill	\$/CM	Bill	\$/CM			
29.68	\$ 127.86	\$ 4.31	\$ 164.50	\$ 5.54	\$ 36.64	28.66%	Half the average use
59.37	210.68	3.55	328.96	5.54	118.28	56.14%	Average Use
118.74	376.32	3.17	657.87	5.54	281.54	74.81%	Double the average use
178.11	541.97	3.04	986.78	5.54	444.81	82.07%	Three times the average use

GENERAL FACILITY CHARGES

The general facility charge is imposed as a condition of service on new customers connecting to the system. Revised Code of Washington 35.92.025 grants the authority to fix rates and charges for connecting to water and sewer systems. In addition to any other costs related to physically connecting a customer to the system, the connection fee is typically based on a blend of historical and planned future capital investments in system infrastructure

June 16, 2016
City of North Bend
Sewer Rate Study

The purpose of the connection fee is two-fold: 1) to provide a source for capital financing and 2) to equitably recover a proportionate share of utility plant-in-service costs from new customers. In the absence of connection fees, growth-related costs would be borne in large part by existing customers. The cost of the system to be recovered by connection fees can be defined in two parts: an existing cost portion based on historical investments in existing infrastructure, and a future cost portion that recovers costs related to planned capital projects.

The existing cost basis is intended to recognize the current ratepayers' net investment in the original cost of system assets. The total cost of the sewer system reflects:

- ◆ **Utility Plant-In-Service:** The existing cost basis is composed of the original cost of plant-in-service, as documented in the City's 2015 fixed asset schedule.
- ◆ **Less: Contributed Capital:** Assets funded by developers or grants are excluded from the cost basis on the premise that the connection fee should only recover costs actually incurred by the City. Assets funded by special assessments are also excluded from the cost basis to avoid double charging customers for assets that were funded through those assessments. Of specific note is ULID No. 6 capital contributions.
- ◆ **Plus: Interest on Utility-Funded Assets:** RCW 35.92.025 and subsequent legal interpretations provide a guideline for connection charges which suggests that such charges can include interest on an asset at the rate applicable during the time of construction. Using the historical Bond Buyer Index for 20-year term bonds, interest can accumulate for a maximum of ten years from the date of construction for any particular asset, and cannot exceed an interest earnings rate above 10% in any given year. Conceptually, this interest provision attempts to account for opportunity costs that the City's customers incurred by supporting investments in infrastructure rather than having it available for investment or other uses.
- ◆ **Less: Net Debt Principal Outstanding:** Another adjustment to the existing system cost basis is to deduct the net liability of outstanding utility debt, recognizing that new customers will bear a proportionate share of this debt related to existing assets through their utility rates. Therefore, the cost of those assets charged to new development is offset to some degree by the remaining debt liability. Since the utility typically has cash resources that are not included in the system cost basis, the net debt load is defined as total debt minus outstanding cash and investments.

Table 7 summarizes the key components of the existing cost basis.

Table 7: Existing Cost Basis

EXISTING COST BASIS	TREATMENT	COLLECTION	GENERAL	TOTAL
Plant in service	\$ 12,505,821	\$ 19,853,929	\$ 1,361,110	\$ 33,720,860
less: ULID #6 share	(2,224,558)	(15,239,703)		(17,464,261)
Plant net of ULID #6 share	\$ 10,281,263	\$ 4,614,226	\$ 1,361,110	16,256,599
less: CIAC (City)	(1,090,956)	(125,331)	-	(1,216,287)
plus: Interest (City)	3,598,664	2,508,171	687,679	6,794,514
less: Net debt principal outstanding	(1,020,508)	(558,337)	(163,485)	(1,742,331)
TOTAL EXISTING COST BASIS	\$ 11,768,463	\$ 6,438,728	\$ 1,885,304	\$ 20,092,496

The future cost basis can include utility capital projects planned for construction and identified in the WWFP Update for the next five years. Each project in the capital improvement program was allocated as either “growth/expansion” or “repair/replacement.”

- ◆ **Total Future Capital:** Total capital costs for the 2016 through 2020 time period in 2016 dollars.
- ◆ **Repair and Replacement (R&R) Projects:** Projects costs allocated to the repair/replacement category are excluded from the cost basis. The cost of the utility asset being replaced is included in the existing cost basis. Excluding repair/replacements avoids double-counting the cost of a utility asset by including it in both existing and future cost totals.

Table 8 summarizes the key components of the future cost basis.

Table 8: Existing Cost Basis

FUTURE COST BASIS	TREATMENT	COLLECTION	GENERAL	TOTAL
Total future capital	\$ 12,250,000	\$ 1,289,000	\$ 625,000	\$ 14,164,000
less: R&R	(2,372,350)	(615,450)	(251,750)	(3,239,550)
TOTAL FUTURE COST BASIS	\$ 9,877,650	\$ 673,550	\$ 373,250	\$ 10,924,450

In order to calculate an equitable share of the system costs for new connections, the GFC cost basis is divided by the number of equivalent residential units (ERUs) the system can serve when the five-year CIP is complete. The total GFC cost basis, divided by total capacity served by the system, determines the equitable unit cost of system buy-in as a basis for setting the GFC. The engineering analysis indicated that the five-year CIP would support a capacity of 4,492 ERUs estimated to be reached in 2029.

The general facility charge calculation is summarized in **Table 9**. The charge was split between City and ULID as all customers share in the treatment and general costs, however the ULID is not charged for collection infrastructure as it is recovered through the ULID No.6 assessment.

Table 9: Existing Cost Basis

GENERAL FACILITY CHARGE	TREATMENT	COLLECTION	GENERAL	TOTAL
EXISTING COST BASIS				
Combined Share				
Existing cost basis	\$ 11,768,463		\$ 1,885,304	\$ 13,653,768
Allocable base (ERUs)	4,492		4,492	
Combined Share Existing Cost Basis Charge	\$ 2,620	\$ -	\$ 420	\$ 3,040
City Only Share				
Existing cost basis		\$ 6,438,728		\$ 6,438,728
Allocable base (MCEs)		3,298		
City Only Share Existing Cost Basis Charge	\$ -	\$ 1,952	\$ -	\$ 1,952
FUTURE COST BASIS				
Combined Share				
Future cost basis	\$ 9,877,650		\$ 373,250	\$ 10,924,450
Allocable base (MCEs)	2,200		2,200	
Combined Share Future Cost Basis Charge	\$ 4,490	\$ -	\$ 170	\$ 4,659
City Only Share				
Future cost basis		\$ 673,550		\$ -
Allocable base (MCEs)		1,180		
City Only Share Future Cost Basis Charge	\$ -	\$ 571	\$ -	\$ 571
TOTAL GENERAL FACILITY CHARGE - CITY	\$ 7,110	\$ 2,523	\$ 589	\$ 10,222
TOTAL GENERAL FACILITY CHARGE - ULID	\$ 7,110	\$ -	\$ 589	\$ 7,699

The updated GFC is \$10,222 per ERU for City customers and \$7,699 per ERU for ULID customers. The current charge is \$5,852 and is based on the water meter size of new customers. The updated charge has changed this assessment to be based on an ERU equivalent. One ERU is defined as 2.57 persons per household.

It is anticipated that the GFC will be updated automatically increased each year on January 1st, compared to the prior year, by the percentage reflected in the Seattle ENR Construction Cost Index (CCI).

SUMMARY

The results of this analysis indicate that rate increases are necessary to fund ongoing operating needs and future debt requirements to fund the five-year CIP, as well as meet financial policy targets. Implementation of a 12.7 percent rate increase in 2016 and 2017, 8.25 percent annually in 2018 and 2019 and 8% in 2020 should provide for continued financial viability of the sewer system.

The alternative rate structure presented incorporate the overall system rate increases and adjust rates so that an average Residential user bill and average Commercial user bill results in an equal per CM unit rate. In addition, the rates accomplish the F&A Committee policy objectives of having an equal per CM rate for an average residential user bill and commercial/industrial user bill and enhance the water conservation signal by charging for use at a higher variable rate.

It is important to remember that the analysis performed in this memorandum assumes an annual growth rate of 4.33. If the future growth rates change, the proposed annual rate increases will need to be updated

June 16, 2016
City of North Bend
Sewer Rate Study

and revised as the anticipated revenue may not be realized if growth is slower than estimated. If growth occurs at a greater rate than estimated, revenue targets will likely be exceeded therefore allowing less debt to be required in the future for capital projects and/or reducing future anticipated rate increases.

It is recommended that the City regularly review and update the key underlying assumptions that compose the multi-year rate plan to ensure that adequate revenues are collected to meet the City's total financial obligations.

Wastewater Rate Comparison

	2014	2012	% Increase*	Rate Type	2014 Rank	2012 Rank
Tamoshan	\$115.70	\$110.19	2.5%	Flat	1	1
City of Seattle	\$105.75	\$96.12	5.0%	Volume	2	3
City of Chehalis (within city limits)	\$105.09	\$99.03	3.1%	Volume	3	2
City of Shelton	\$103.02	\$74.62	19.0%	Volume	4	8
City of Tenino	\$94.00	\$94.00	0.0%	Flat	5	4
Olympic View	\$82.68	\$78.44	2.7%	Flat	6	7
City of Centralia (within city limits)	\$82.58	\$79.23	2.1%	Volume	7	6
Boston Harbor	\$82.14	\$79.75	1.5%	Flat	8	5
City of Bellevue	\$79.03	\$68.33	7.8%	Volume	9	13
City of Sumner	\$76.09	\$58.78	14.7%	Volume	10	14
Grand Mound	\$75.81	\$68.76	5.1%	Flat	11	12
City of Bonney Lake	\$75.78	\$70.04	4.1%	Volume	12	10
City of Longview (within city limits)	\$75.69	\$71.98	2.6%	Volume	13	9
City of Bremerton (within city limits)	\$71.08	\$68.97	1.5%	Volume	14	11
City of Auburn	\$62.91	\$55.20	7.0%	Flat	15	17
City of Puyallup	\$61.63	\$58.53	2.6%	Volume	16	15
City of Mount Vernon	\$56.30	\$55.40	0.8%	Volume	17	16
City of Renton	\$55.73	\$50.55	5.1%	Flat	18	20
City of Tacoma	\$54.66	\$49.88	4.8%	Volume	19	21
City of Kelso	\$54.48	\$52.22	2.2%	Flat	20	18
City of Olympia (LOTT)	\$54.29	\$51.54	2.7%	Flat	21	19
City of Yelm	\$53.04	\$48.39	4.8%	Flat	22	23
City of Lacey (LOTT)	\$52.51	\$49.00	3.6%	Flat	23	22
Lakehaven Sewer District (KC Metro)	\$50.78	\$48.39	2.5%	Volume	24	24
City of Tumwater (LOTT)	\$50.03	\$47.62	2.5%	Flat	25	25
City of Everett	\$49.50	\$46.70	3.0%	Flat	26	26
Lakehaven Sewer District (Pierce Co.)	\$48.26	\$40.65	9.4%	Volume	27	28
City of Vancouver	\$43.97	\$41.96	2.4%	Volume	28	27
Pierce County Sewer	\$42.82	\$37.83	6.6%	Flat	29	30
City of Snoqualmie	\$42.16	\$38.40	4.9%	Flat	30	29
City of Orting	\$40.15	\$35.00	7.4%	Flat	31	32
City of Hoquiam	\$38.14	\$36.59	2.1%	Flat	32	31
City of Bellingham (within city limits)	\$35.07	\$33.23	2.8%	Flat	33	34
Lakehaven Sewer District	\$34.85	\$33.99	1.3%	Volume	34	33
City of Aberdeen	\$34.68	\$30.16	7.5%	Flat	35	35
City of Edmonds	\$27.73	\$25.90	3.5%	Flat	36	36
Rate Average	\$63.00	\$57.93	4.5%			

* Percentage increase annualized over a two-year period.

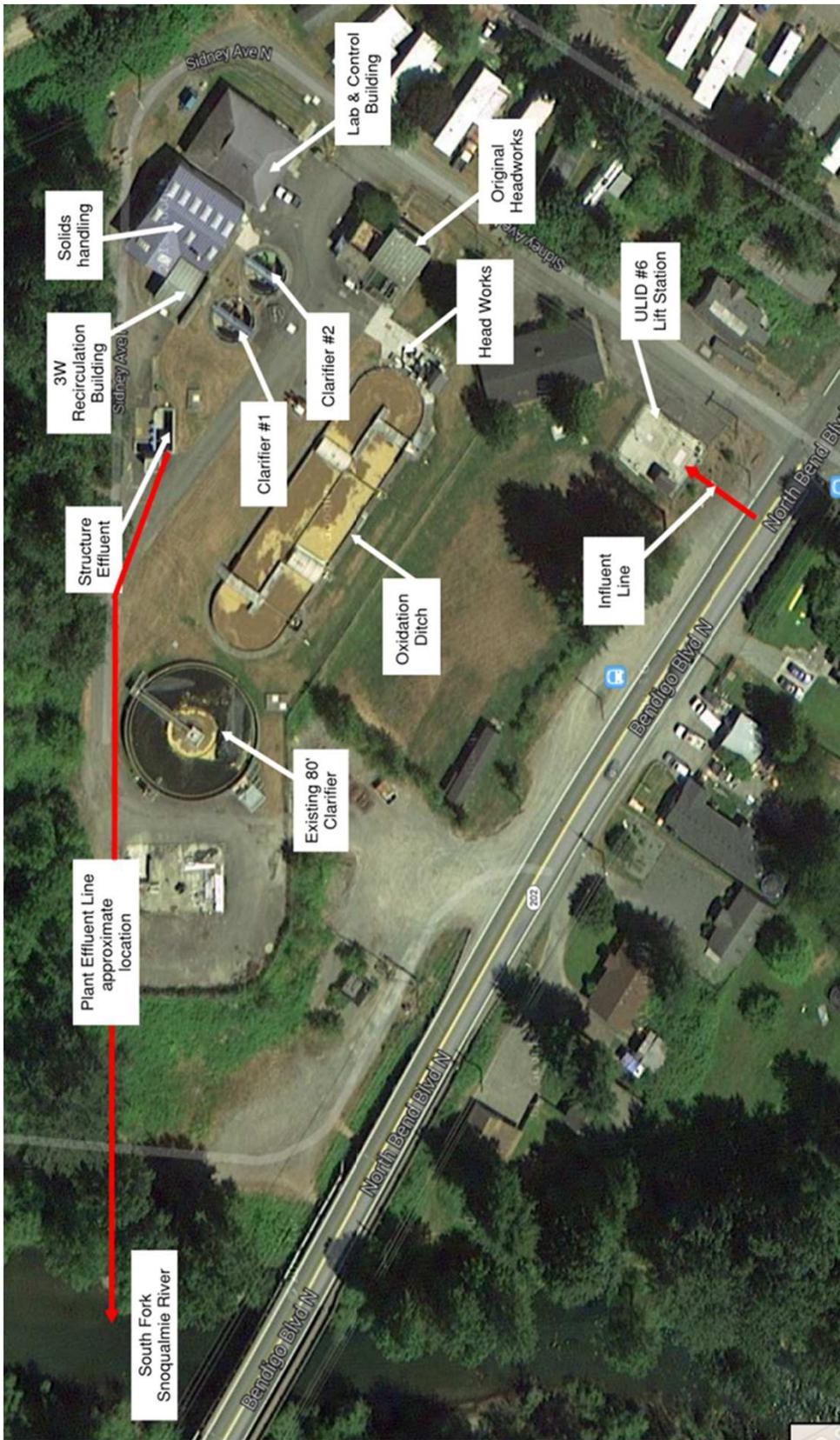
SEWER TOWN HALL MEETING

JULY 7TH, 2016

DISCUSSION OF INCREASING
SEWER RATES



North Bend Sewer Plant



North Bend WWTP

Capital Facilities Plan

City Studied 3 Options:

1. Regional Option – Contract with another provider for sewer = \$63 million
2. Build a new Sewer Plant on new Property = \$53 million
3. Remodel our existing Sewer Plant = \$27 million



Public Participation for Capital Facilities Plan

Public Meetings were Held

1. March 15, 2016 City Council Meeting
2. April 26, 2016 Public Meeting
3. Various Council Committees

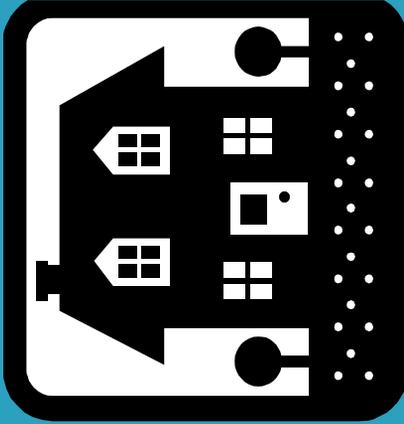
Council and public supported least
expensive option of remodeling existing
Sewer Plant = \$27 million

Basics of Sewer Utility

- Enterprise Fund – Self supporting
- Residential and Commercial ratepayers
- Acronyms:
 - General Facility Charges (GFC) = connection fees to hook up to sewer
 - Equivalent Residential Unit (ERU) = typical sewer use in home comprised of 2.57 people

ERUs - Residential vs.

Commercial



Residential
One House = 1 ERU

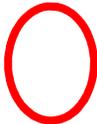
Commercial

Depends on use
(size of water meter)

How Many ERUs Are Available?

- How many ERUs do we have in our plant?
 - The City's Permit allows 2.58 mgd = 4,492 ERUs
- How many ERUs are already being used?
 - 2,292
- How many ERUs are available for new development?
 - You would think the answer would be:
4,492 – 2,292 = 2,200 but that is **Incorrect**.
 - NOT all 2,200 are available for new development due to Inflow and Infiltration (also called I&I) which eats up sewer capacity.
 - Implementation of the next 3 years of capital improvements will allow most of the 2,200 ERUs to be available.

Impacts of I&I



Flow 3.0 to 3.1 MGD
(Nov & Dec 2015)

Impacts of I&I

How many new ERUs are planned?

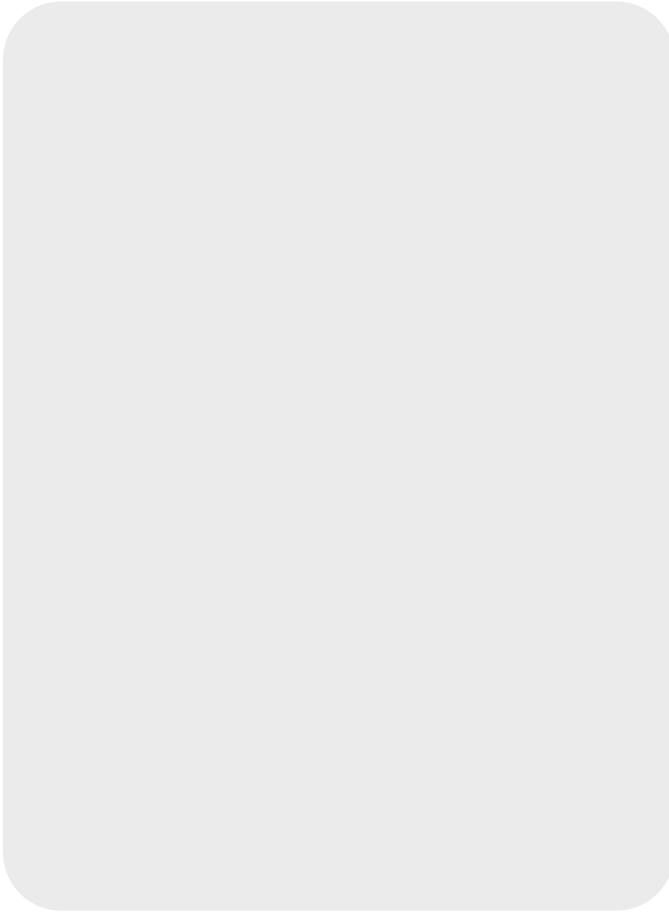
Does this rate increase mean we are planning for thousands of new homes?

- No. The rate increase is planning for approximately 500 new connections over 5 years.
- ERUs are used by both residential and commercial uses. (e.g. hotel use)

Why Do Rates Need to Increase?

- **Sewer Plant is Old**
 - ✓ Plant was built in 1950's, upgraded several times, and is failing
 - ✓ Plant is violating regulations
 - ✓ No redundancy
 - ✓ Safety violations
- **Growth Management and Property Rights**
 - ✓ City is part of Urban Growth Area
 - ✓ State law identifies City to deliver urban sewer services
 - ✓ City can't ban growth indefinitely unless City buys property

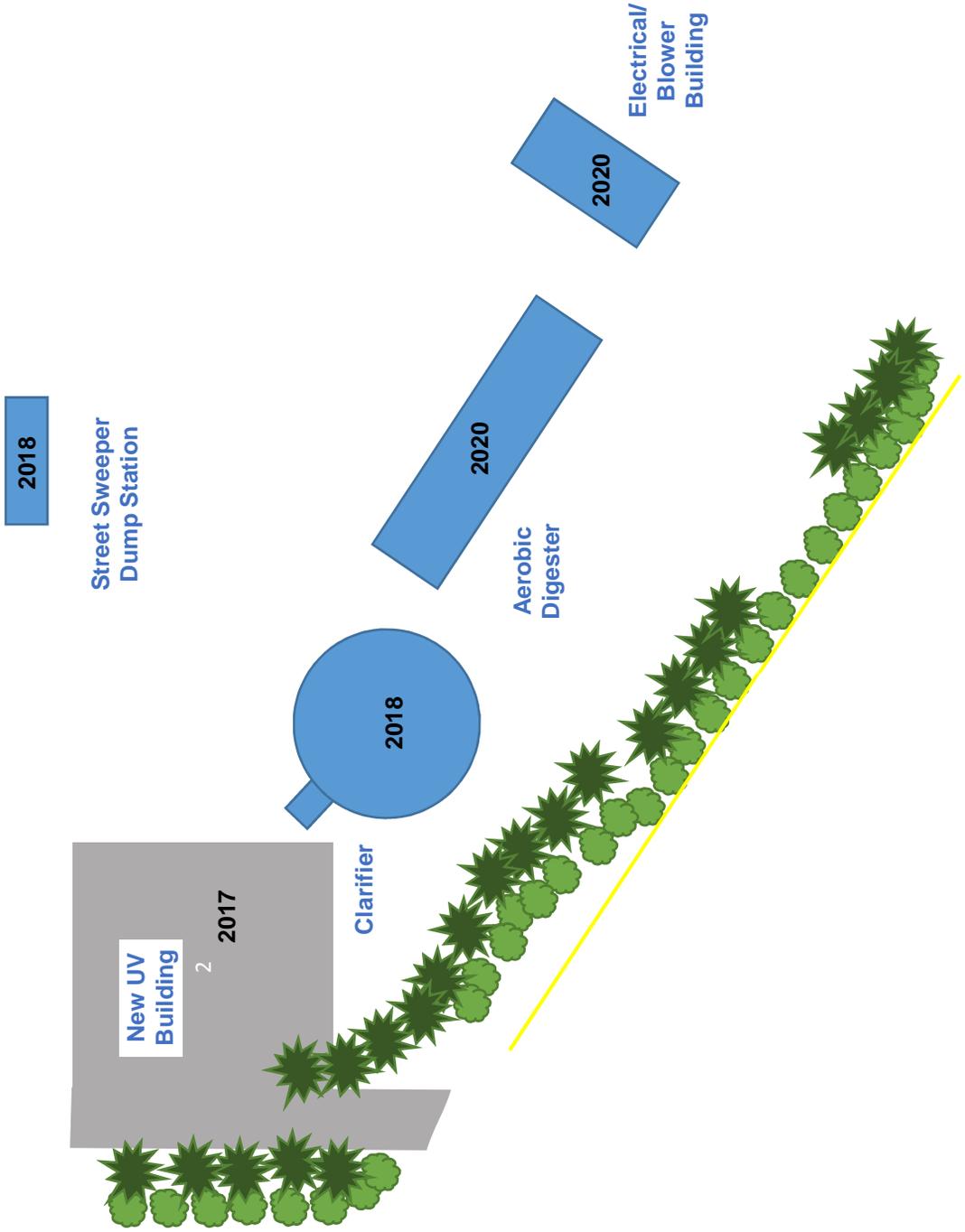
Why Do Rates Need to Increase?



What Are We Paying For?

- Rates are paying to upgrade 1950s Plant (\$15.6M Improvements + new operating costs)
- Rates are paying to meet new regulations
- An additional \$11.4M improvements may be required after 2029 to accommodate growth (if needed) through the end of the 20 year planning period ending 2036. Costs for these growth improvements would be borne by developers.
- Rates are also paying for additional Operating & Maintenance costs needed to maintain existing and new assets.
- Spreading rate increases over time more fairly shares the costs among ratepayers.

What Are We Paying For?



What Are We Not Paying For?

- Residential ratepayers are not subsidizing new housing development. Growth is paying for Growth.
- Not Paying For Other City Operations.
Sewer Utility is an Enterprise Fund.

Is Growth Paying for Growth?

What portion of \$15.6m is being paid for by new homes/growth vs. existing ratepayers?

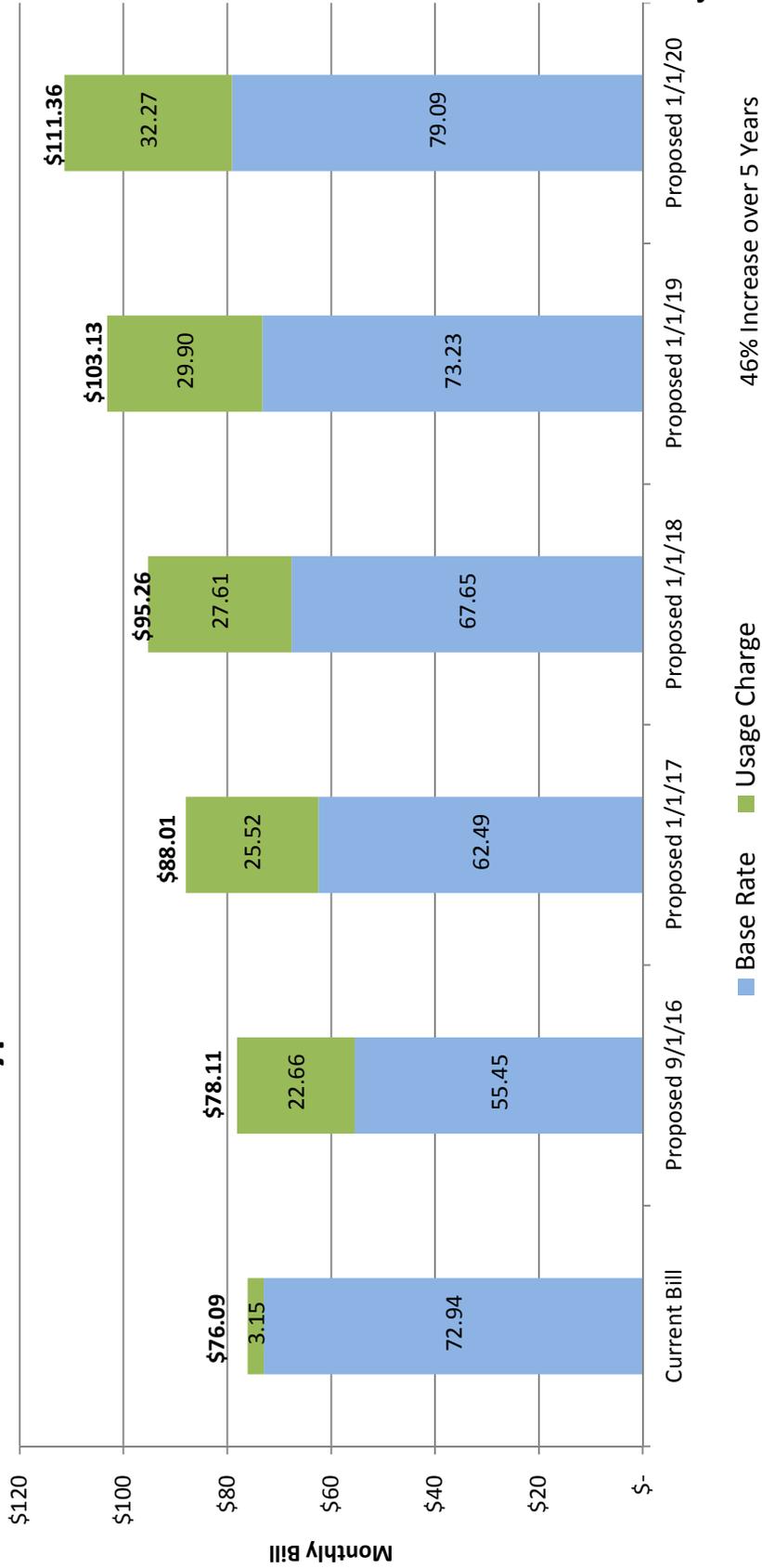
Is Growth Paying for Growth?

Existing vs. Proposed GFCs

\$12,000 -			
\$10,000 -			
\$8,000 -			
\$6,000 -			
\$4,000 -			
\$2,000 -			
\$ -	Existing GFC (All Connections)	Proposed GFC (Non-ULID #6 Connections)	Proposed GFC (ULID #6 Connections)

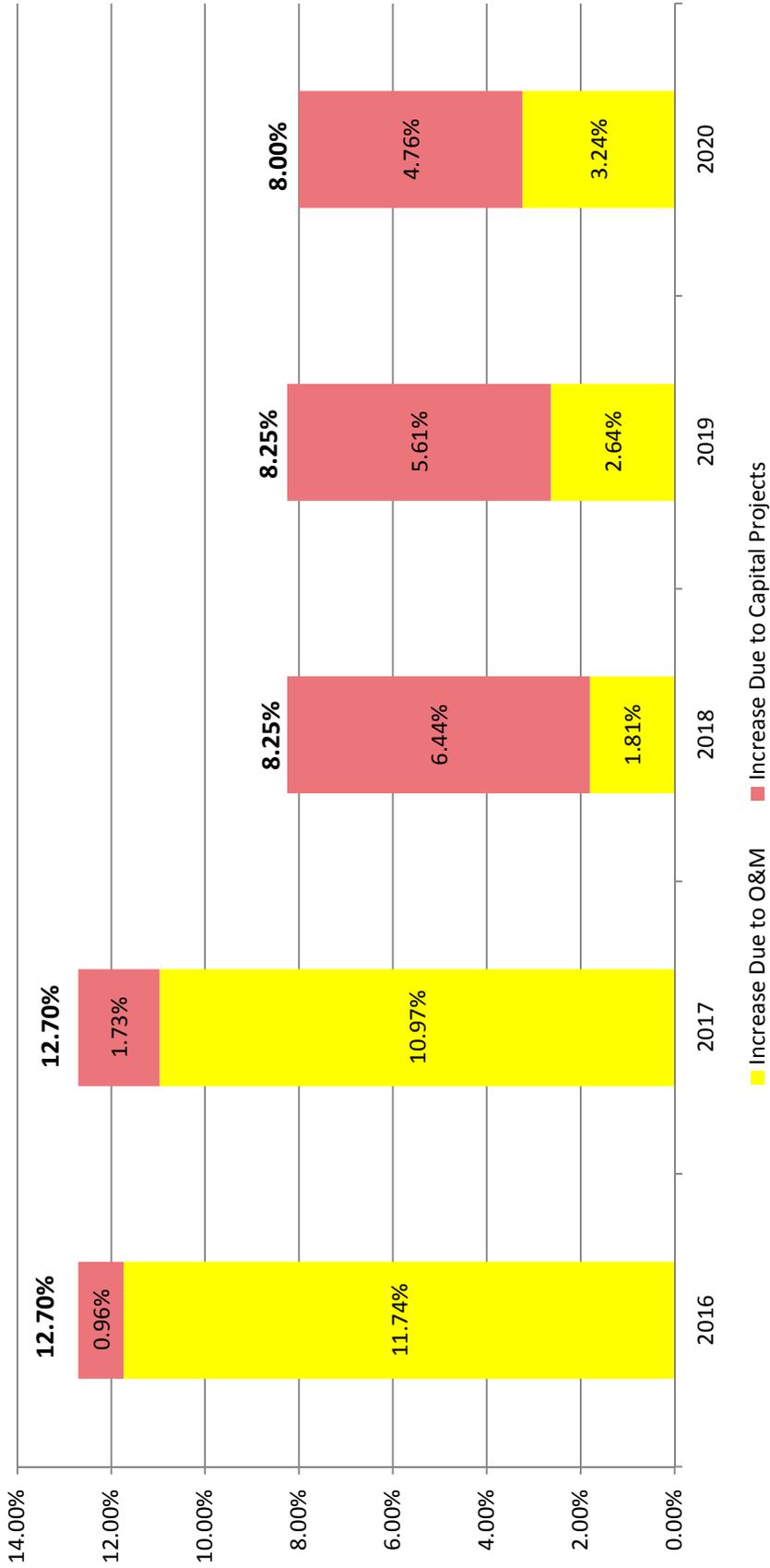
Rate Increase on Typical Residential Ratepayer

Typical Residential Sewer Rate



What Are We Paying For?

Effect of O&M vs. Capital Improvements on Rates



New Rate Structure Rewards Water Conservation

- ❖ Base Rate –
 - Same rate for all customers (residential and commercial)
 - Includes first 10 cubic meters
- ❖ Usage Rate –
 - Same per cubic meter rate for all customers
 - Per cubic meters of water used over the first 10
- ❖ Winter Averaging – For the months of April through October, consumption amounts for sewer services will be based on the average water consumption during the months of November through March, so as not to penalize sewer customers using water for lawn and garden irrigation and other summer activities.”

Conclusion

- Sewer Utility is Enterprise Fund – Must be Self Supporting and funds cannot be used for other City operations.
- 1950s Sewer Plant is Failing.
- Rates must be increased to pay for improvements and additional Maintenance and Operation costs.
- Next Steps: Continued City Council Public Hearing
July 19th @ 7:00PM – Senior Center

It's OK to Water Your Lawn!

Winter Averaging - Ordinance Language:

“For the months of April through October, consumption amounts for sewer services will be based on the average water consumption during the months of November through March, so as not to penalize sewer customers using water for lawn and garden irrigation and other summer activities.”

Sewer Rate Town Hall Meeting Sign Up Sheet

NAME	ADDRESS	SEWER v	SEPTIC v
1. Nani Fischer	444 SE Maple Dr N Bend		✓
2. TY ANN	908 Ballarat Ave NE		X
3. MIKE JAKMAN	505 SE 8 TH ST.	X	
4. Steve DuBess	1105 Rachel Pl		X
5. Denise DuBess	1105 Rachel Pl		X
6. Chic Nessly	809 NE 10 TH ST		X
7. Shelly Inman	45554 SE N Bore Way	✓	
8. Mary Judg	" "	✓	
9. Eric Tunpe	319 NE 6 TH ST		✓
10. Garret Parsons	1095 Parkman Ave SE		
11. TOM PAUL	10230 NE POINTS DR Kirkland	✓	
12. ED & JESSICA MOLENDAR	405 SE 13 TH PL	✓	
13. Joel JUDY Bilanko	145 THRASHER Ave NE.		✓
14. Lee Korsmo Kathy McKay	815 Borst AVE NE		
15. Matt CHILDS	1315 11 TH Ct SW	✓	
16. Jay Krauss	425 SE 7 TH ST		
17.			
18.			
19.			

City Council Meeting

Wastewater Facilities Plan: Rate Study and GFC Update

Angie Sanchez Virnoche, Principal

June 21, 2016



Overview

- ◆ **Rate study completed as initial phase of Wastewater Facility Plan Update**
- ◆ **Focus was on meeting operating and capital needs for 2016 – 2020**
- ◆ **Multi-year rate implementation strategy developed for monthly user rates**
- ◆ **Updated general facility charges**
- ◆ **Met with Finance and Administration (F&A) Committee**
 - May 3rd
 - June 7th

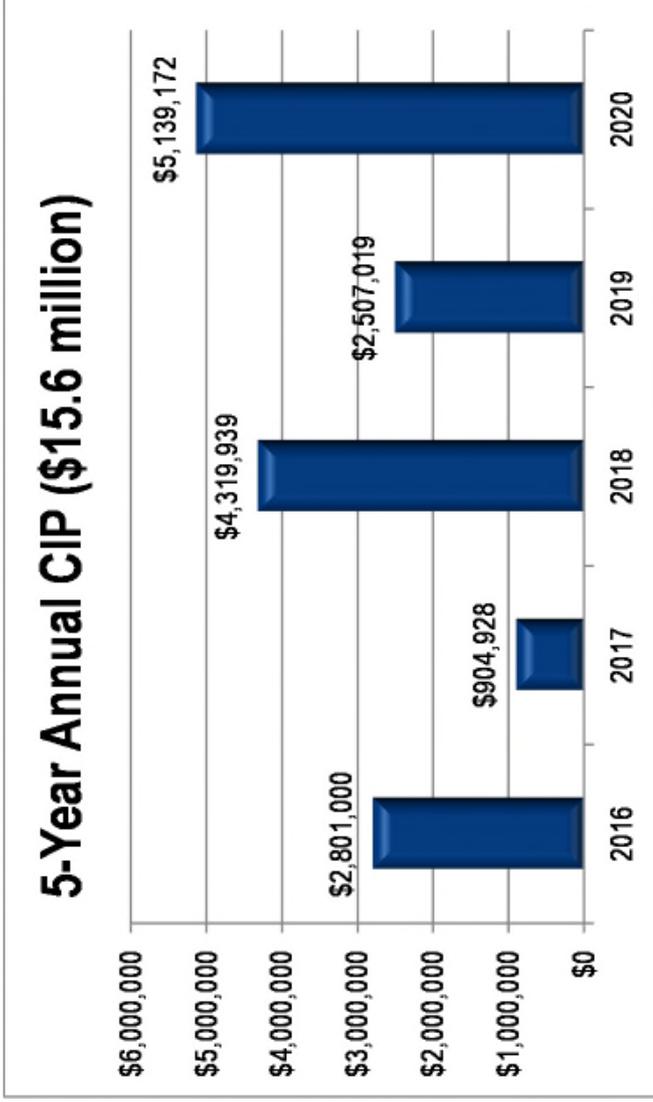


Rate Study Key Assumptions (operating)

- ◆ **Study period 2016-2020**
 - Assumes 4.3% average annual growth
- ◆ **2016 budget used as baseline**
 - Facilities plan O&M additions of \$286,000 to \$795,000 per year
- ◆ **Existing debt of \$390,000-\$324,000 per year**
- ◆ **Fiscal policies**
 - Operating: 90 day of O&M
 - Debt Service Coverage: 1.50 (revenue bonds only)



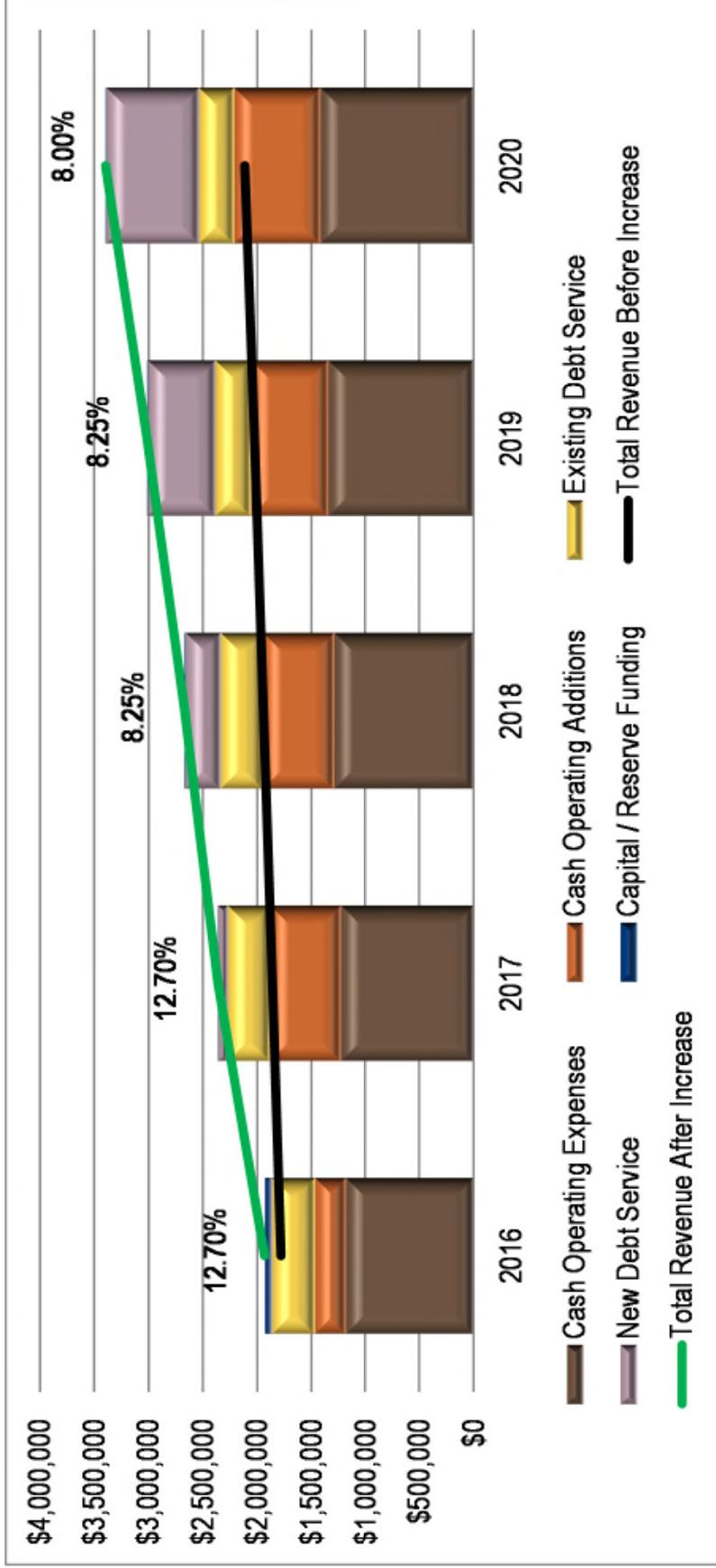
Rate Study Key Assumptions (capital)



◆ **Funding plan:**

- Existing reserves, GFCs and rates
- Revenue bonds:
 - 2017 issue: \$6.9 million (25-year term, 3.87% interest)
 - 2019 issue: \$5.1 million (25-year term, 4.14% interest)
 - Assumes line of credit as interim financing
 - Annual debt service (\$24K to \$852K per year)

Summary: Facilities Plan Impacts



- ◆ **Includes:**
 - O&M additions
 - Facilities plan CIP & new debt service

Rate Design

- ◆ **Rate design determines how revenue is to be collected by customers**
 - Fixed and/or variable charges
- ◆ **On May 3rd the F&A Committee requested the following modifications to the existing rate structure:**
 - Average per cubic meter (CM) rate for an average Residential and Commercial/ Industrial customer bill to be equal
 - Modified structure should encourage conservation compared to the existing structure
- ◆ **Example rate designs are based on the 4.33% growth rate**



Existing and Alternative Rate Structure

Class	Existing		Alternative	
	Inc. 10 CM	Inc. 10 CM	Inc. 10 CM	Inc. 10 CM
Monthly Fixed Charges				
Single Family (per account)	\$72.94	\$72.94	\$49.20	\$49.20
Senior/ Disabled (per account)	33.46	33.46	22.57	22.57
Multi Family (per unit)	72.94	72.94	49.20	49.20
Commercial (per account)	72.94	72.94	49.20	49.20
Mixed Use				
Commercial (per account)	72.94	72.94	49.20	49.20
Per Residential (per unit)	72.94	72.94	49.20	49.20
Outside City	111.98	111.98	73.80	73.80
Volume Charges				
	>10 CM	>10 CM	>10 CM	>10 CM
Single Family	\$0.77	\$0.77	\$4.92	\$4.92
Senior/ Disabled	n/a	n/a	n/a	n/a
Multi Family	0.77	0.77	4.92	4.92
Commercial	2.79	2.79	4.92	4.92
Mixed Use*	2.79	2.79	4.92	4.92
Outside City	3.43	3.43	7.38	7.38

*Mixed use volume rate applies after 20CM

Alternative rate structure applies to all classes of service



Description	Alternative	2016	2017	2018	2019	2020
Proposed Increases		12.70%	12.70%	8.25%	8.25%	8.00%
Monthly Fixed Charges (Includes 10 CM)						
Single Family (per account)	\$ 49.20	\$ 55.45	\$ 62.49	\$ 67.65	\$ 73.23	\$ 79.09
Senior/ Disabled (per account)	22.57	25.43	28.66	31.02	33.58	36.27
Multi Family (per unit)	49.20	55.45	62.49	67.65	73.23	79.09
Commercial (per account)	49.20	55.45	62.49	67.65	73.23	79.09
Mixed Use						
Commercial (per account)	49.20	55.45	62.49	67.65	73.23	79.09
Per Residential (per unit)	49.20	55.45	62.49	67.65	73.23	79.09
Outside City	73.80	83.17	93.73	101.46	109.83	118.62
Volume Charges (per CM > 10 CM)						
Single Family	\$ 4.92	\$ 5.54	\$ 6.24	\$ 6.75	\$ 7.31	\$ 7.89
Senior/ Disabled	n/a	n/a	n/a	n/a	n/a	n/a
Multi Family	4.92	5.54	6.24	6.75	7.31	7.89
Commercial	4.92	5.54	6.24	6.75	7.31	7.89
Mixed Use*	4.92	5.54	6.24	6.75	7.31	7.89
Outside City	7.38	8.32	9.38	10.15	10.99	11.87

*Mixed use volume rate applies after 20CM

GFC Overview & Methodology

- ◆ Revised Code of Washington RCW 35.92.025 grants authority to fix rates and charges for connecting to water and sewer systems
- ◆ Charged to new development as a condition of service
- ◆ Based on the cost of system infrastructure
- ◆ Represents a proportionate share of capital investment

Existing Costs

- ✓ Existing assets (original cost)
- ✓ Less: Contributions (developer/grants)
- ✓ Less: Net debt principal outstanding
- ✓ Plus: Interest (maximum 10 years)

Future Costs

- ✓ Future growth related capital
- ✓ Less: Developer donations
- ✓ Less: Repair & replacement

Treatment and General Assets

$$\begin{array}{c}
 \text{EXISTING COST BASIS} \\
 \hline
 \text{CURRENT \& FUTURE CUSTOMERS} \\
 \text{(City \& ULID)}
 \end{array}
 +
 \begin{array}{c}
 \text{FUTURE COST BASIS} \\
 \hline
 \text{FUTURE CUSTOMERS} \\
 \text{(City \& ULID)}
 \end{array}
 =
 \begin{array}{c}
 \text{GFC} \\
 \text{(Treatment)}
 \end{array}$$

Collection Assets

$$\begin{array}{c}
 \text{EXISTING COST BASIS} \\
 \hline
 \text{CURRENT \& FUTURE CUSTOMERS} \\
 \text{(City Only)}
 \end{array}
 +
 \begin{array}{c}
 \text{FUTURE COST BASIS} \\
 \hline
 \text{FUTURE CUSTOMERS} \\
 \text{(City Only)}
 \end{array}
 =
 \begin{array}{c}
 \text{GFC} \\
 \text{(Collection)}
 \end{array}$$

Description	Treatment	Collection	General	GFC
City Only Customers	\$ 7,110	\$ 2,523	\$ 589	\$ 10,222
ULID Customers	\$ 7,110	\$ -	\$ 589	\$ 7,699

Notes:

- Charges are per Equivalent Residential Unit (ERU)
- ERU is 2.57 people per household



5-Year General Facility Charge Projection

Description	2016	2017	2018	2019	2020
General Facility Charges (GFC) per ERU					
GFC per ERU - City [1],[2],[3]	\$ 10,222	\$ 10,222	\$ 10,462	\$ 10,707	\$ 10,958
GFC per ERU - ULID [1],[2],[3]	\$ 7,699	\$ 7,699	\$ 7,879	\$ 8,064	\$ 8,253

[1] General facility charges (GFC) currently escalated by historical 10-year 20-City Engineering News Record Construction Cost Index (2.35%); Fee should be updated annually with actual index values.

[2] GFC based on Equivalent Residential Unit (ERU); changed from current meter size assessment

[3] GFC defined as 2.57 people per household

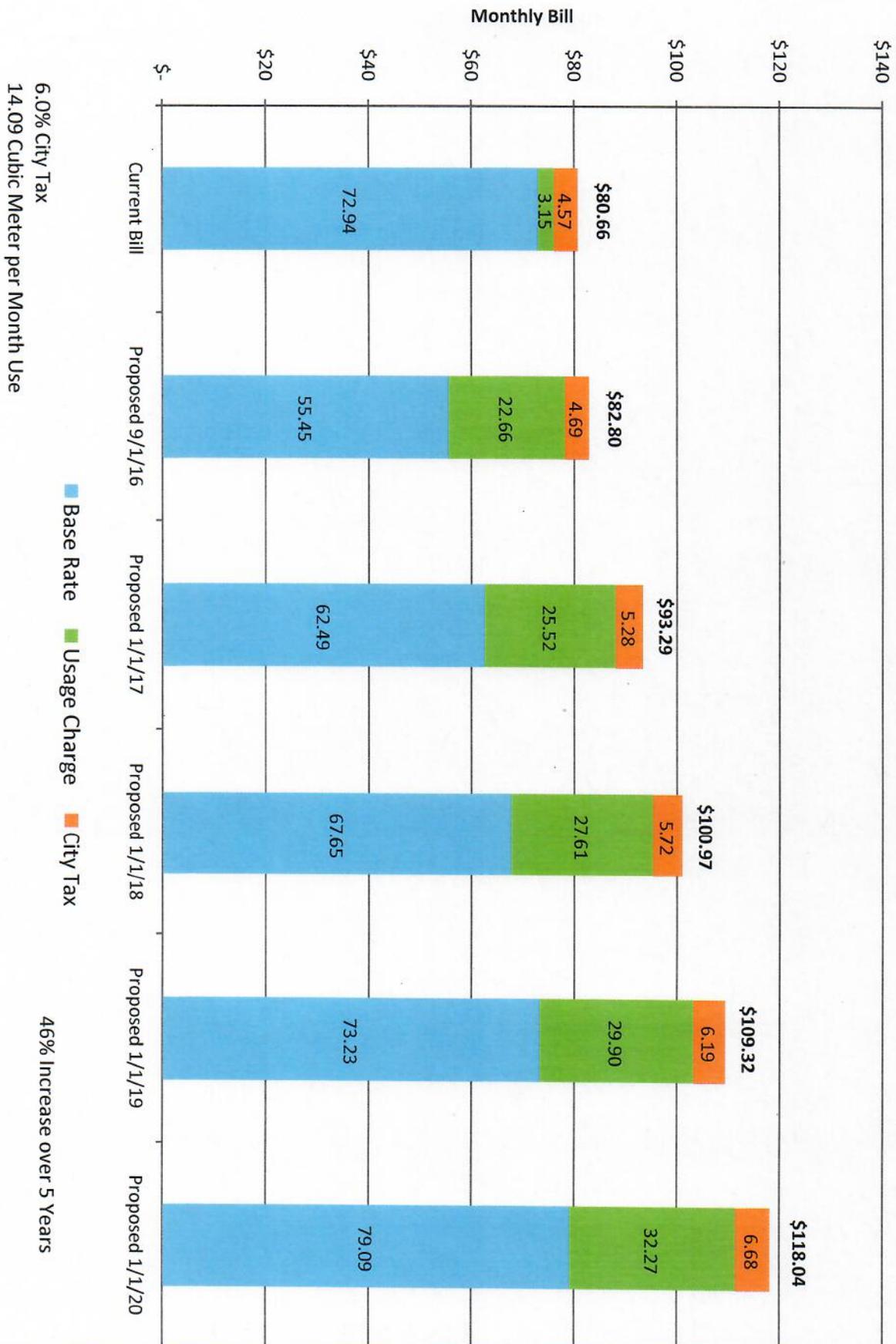
Questions/Discussion



North Bend WWTP 5-Year Capital Improvements List

Description	Total
ULID 6 Pump station Improvements	\$ 192,000
South Fork Pump Station Upgrade Phase I	\$ 56,000
Snoqualm Lift Station SCADA system Integration	\$ 36,000
SHB Pump Station Force main	\$ 112,000
Oxidation Ditch brush rotor (ar204) support repair	\$ 20,000
Secondary clarifier skimming system rehabilitation	\$ 15,000
RAS Force main	\$ 57,000
Pump house building ground floor replacement and flood proofing	\$ 200,000
UV Disinfection System Upgrade	\$ 784,000
Effluent flow metering and outfall improvement	\$ 551,000
New WWTP Effluent Pump Station	\$ 385,000
Influent and Effluent Sampling System Improvements	\$ 14,000
Solids handling odor control improvements	\$ 50,000
Effluent Temperature Mitigation	\$ 336,000
SCADA System upgrade	\$ 367,000
ULID 6 PS electrical and control panels flood proofing - design	\$ 26,000
South Fork Pump Station Upgrade Phase II	\$ 386,000
New Clarifier	\$ 2,714,000
Wash water System Improvements	\$ 16,000
Control and laboratory building flood proofing - design	\$ 32,000
WWTP Landscaping and Aesthetics Improvements	\$ 431,000
Lab and Trailer Park Sanitary Sewer Flow Rerouting to ULID6 PS	\$ 119,000
ULID 6 PS electrical and control panels flood proofing - construction	\$ 163,000
Old Influent Pump Station	\$ 263,000
Headworks Improvements	\$ 335,000
Oxidation Ditch	\$ 365,000
Existing Clarifier Repair	\$ 95,000
New Centrifuge	\$ 1,436,000
Control and laboratory building flood proofing - construction	\$ 271,000
New Aerobic Digester and Sludge Feed Building	\$ 3,342,000
New Standby Genset to Replace Existing 250KW & New Load Center	\$ 1,589,000
New Electrical Building and MCC for Plant	\$ 804,000
Total	\$ 15,562,000

Typical Residential Sewer Rate



6.0% City Tax
14.09 Cubic Meter per Month Use

■ Base Rate ■ Usage Charge ■ City Tax

Susie Oppedal

From: mthomas@bangstick.net
Sent: Wednesday, June 29, 2016 4:29 PM
To: Londi Lindell
Cc: Ken Hearing; Mark Rigos; Don DeBerg; Dawn Masko; John Markus (john.markus@tetrattech.com) (john.markus@tetrattech.com); Angie Sanchez Virnoche (AngieS@fcsigroup.com) (AngieS@fcsigroup.com); tyallan@outlook.com; Mark Fogle; Council
Subject: RE: FW: Comments and additional questions on 6/21 City Council Meeting
Attachments: North Bend WWTP~Final Permit~05-23-13.pdf; Chapter 3 - Housing Element Adopted December 8, 2015.pdf

Thanks for the responses and also to city council for directing a response to my questions.

I am concerned about the characterization of capacity... certainly Mark's responses suggest we are increasing the effective capacity of the plant. The response provided by you says otherwise.

If we are exceeding 85% of the inflow design in winter we need to do something according to our permit, and 3 consecutive months would have required such a review. We are also adding homes at a high rate, certainly we've added many since 2014 and there are over 100 in construction (Pulte and others in Tannerwood and scattered throughout the city)... our growth rate and the ERUs suggest we would exceed the effective capacity soon or perhaps exceeded it, and that also requires permit review. The city is also advocating OSS owners switch to sewer... Silver Creek... but I must wonder if North Bend would have had the capacity to address such. What is the effective capacity of the present system?

Interesting data may be the actual flow the plant during summer and winter months... summer months perhaps are representative of the minimum flow and residential/commercial input minus what leaks into the ground from leaking public and private piping; winter months representative of I&I plus residential/commercial input would be good data to have about the plant. Perhaps one of the plant engineers can answer that.

I am supportive of changes to the plant and increasing capacity, I am questioning the amount of the capacity increase and the timing of the increase. I am concerned about affordability for people in our city and long term costs. Folks also just their new property valuation assessments, certainly +10-14% is going to hurt (but perhaps city governments such as North Bend are celebrating property owners misery).

As I also am keeping up with OSS issues, King County BoH just withdrew its plan for enhanced monitoring due to massive OSS owner turnout and pushback, I was at the King County Board of Health meeting last night in Fall City. Seattle Times had an article that Seattle is discharging 1.1 B gallons of untreated sewerage into the Sound each year... it's quite suspect folks are going after OSS folks when cities such as Seattle are such obvious sources of pollution. I'd wonder OSS built in the past 30 years or newer are doing a better job in protecting groundwater than North Bend's 70 year old plant and aging private and public piping. I somewhat wonder that perhaps folks need to be also looking at smaller towns and cities sewer treatment and sewer infrastructure as a source of river pollution... North Bend, Snoqualmie, Fall City... certainly there is a lot of growth and aged infrastructure to consider. I believe it's important to start directing the King County Board of Health to look for other sewerage hazards in the area; but looking at municipal treatment is not within their domain... but perhaps WA ecology is the proper body to look to at this time. When I consider the staggering 1.1B number just for Seattle alone, that's equivalent to 40k people's worth of sewerage a year... and HALF of all the OSSes in King County.

I would be interested in going to city sewer but the fees and sewer rates plus construction and decommissioning costs are coming in far far above even what it would cost to do a major repair on an OSS... the proposed GFC of \$10k would pay for a major OSS repair, and that's ahead of OSS

decommissioning costs, construction costs on the resident side of the sewer demarc, and permitting costs. I did take a look at LaForest and a few other nearby neighborhoods on King County iMap, LaForest is not within 500 year FEMA floodplain, within 100 ft of a well, or recharge areas so I'm not seeing the environmental justification to compel going to public sewer.

Mike

----- Original Message -----

Subject: FW: Comments and additional questions on 6/21 City Council Meeting

From: Londi Lindell <LLINDELL@NORTHBENDWA.GOV>

Date: Tue, June 28, 2016 6:24 pm

To: "mthomas@bangstick.net" <mthomas@bangstick.net>

Cc: Ken Hearing <KHEARING@NORTHBENDWA.GOV>, Mark Rigos <MRIGOS@NORTHBENDWA.GOV>, Don DeBerg <DDEBERG@NORTHBENDWA.GOV>, Dawn Masko <DMASKO@NORTHBENDWA.GOV>, "John Markus (john.markus@tetrattech.com) (john.markus@tetrattech.com)" <john.markus@tetrattech.com>, "Angie Sanchez Virnoche (AngieS@fcsgroup.com) (AngieS@fcsgroup.com)" <AngieS@fcsgroup.com>, "tyallan@outlook.com" <tyallan@outlook.com>, Mark Fogle <MFOGLE@NORTHBENDWA.GOV>, Council <Council@northbendwa.gov>

Mr. Thomas, your below emails to the City Council were forwarded to me and Council requested I provide responses. Please be advised that there are two additional opportunities for public comment on Thursday, July 7th (with an optional tour of our Sewer Plant at 6:00PM-limited spaces so please RSVP if you are interested) and Tuesday, July 19th. Both of these meetings are being held at the Senior Center @ 7:00 PM. Although I understand you currently are connected to a septic system you pose a significant number of questions regarding our proposed sewer rate increase affecting our sewer rate payers and we are hopeful you are interested in connecting to our sewer system at some future date. Please see the City's responses in red below. If you have further questions, please bring them to a future public forum. Thank you for becoming involved in this important issue for the City and I trust the below responses are helpful in better understanding the need for an increase in our sewer rates. We hope you are able to attend one of the upcoming public meetings or hearings. Thank you. Londi Lindell

From: mthomas@bangstick.net [mthomas@bangstick.net]

Sent: Thursday, June 23, 2016 12:30 AM

To: Council

Cc: Mark Rigos; Susie Oppedal

Subject: Comments and additional questions on 6/21 City Council Meeting

Dear Council Members,

Thank you for not approving the rate increase and giving more time for public Q&A and also for good additional questions.

I personally am having a hard time resolving why it is necessary to double the capacity and in such short order.

Response:

The principal driving force for doing the work at the treatment plant is repair and replacement due to the Plant being almost 70 years old and NOT to provide new capacity for new homes as you have suggested during your testimony and throughout this email. There are no new capacity improvements being made during the 5 year capital improvements. There is existing unallocated capacity at the Sewer Plant. The capacity element is a consequence of the currently unused or

unallocated capacity of the plant that will benefit from implementation of the capital improvement plan.

This seems far out of line with our existing population and residential property growth, even the City's own comprehensive plan and UGA requirements would not use all the capacity growth proposed (+771 residences/1982 people) to *2035*.

Response:

As the City grows, there will be an increase in residential population but also growth in the commercial sector. Wastewater derived from the commercial represents about 30% of the existing capacity needs for wastewater treatment. Currently there are about 2150 people living in residences (~836 ERUs) within the City who are on private on-site septic systems such as yourself that are not connected to the City's wastewater collection and treatment system. In 2036 it is estimated that there will only be 420 residents (163 ERUs) within the City that will remain on private on-site septic systems. As King County Public Health adopts more stringent regulations on septic and as pollution control laws and Growth Management laws requires cities' to deliver urban sewer services, existing septic systems will eventually be eliminated within urban growth areas. This is set forth in state law and is consistent with the Growth Management Act.

The city leadership regularly cite the need to support the UGA and required growth as justification for development, the city needs to explain why then it is NOT following its own comprehensive plan and overbuilding capacity.

Response:

The City is following its own Comprehensive Plan and is not "overbuilding". You have made estimates that this plan allows for over 11,000+ additional homes or persons to move to our town based upon the available ERUs and this is incorrect. The 5-Year Wastewater CIP plan that the proposed rate increase is based upon is consistent with the City comprehensive plan. The rate model estimates growth of approximately 100 new homes a year during the next 5 years. Based on the growth model in the wastewater facility plan and the City's comprehensive plan, additional or new "capacity" improvements at the treatment plant will not be required until 2029. Again the work identified in the 5 year CIP for the years 2016 -2020 are needed to allow the existing treatment plant *to reliably and consistently at a level that will assure compliance the City's NPDES discharge permit* because it's a 70 year old sewer plant. **Only about half of the existing plant capacity is allocated** so improvements aren't needed to add capacity at this time. Capital Costs associated with the unallocated portion of the plant will be recovered from development through a connection or hookup fee charged when a new home connects to the system which is also called the General Facilities Charge (GFC).

Has the city considered plans that do not double capacity?

Response:

Again, your assumption is incorrect - The 5-year plan does not double the existing plant capacity it only allows the existing rated capacity of the plant to be used and allows the Plant to function in compliance with our permit.

Has the city considered plans that decrease load? (such as by encouraging and providing \$ to residents and businesses to install low flow fixtures, water conserving toilets, front-loading washing machines, commercial dishwashing water recycling systems, etc.)?

Response:

Reducing the hydraulic load discharge by any specific class of user through water conservation would not eliminate the need or significantly reduce the costs for the 5 year capital improvement plan. The reason for this is because of the high amount of extraneous flow that enters the wastewater collection system due to inflow and infiltration because the collection system is also almost 70 years old so there are many cracks and breaks in the lines so we have a problem called I & I or inflow and infiltration. Inflow and infiltration is the dominate factor in determining the required hydraulic capacity of the plant. *On an annual basis more than half of the wastewater conveyed and treatment by the North Bend Wastewater Facilities is attributable to I&I. During a severe rainfall/snow melt event such as that experienced in November and December 2015, I&I accounted for over 85% of the daily hydraulic flow (load) conveyed and treated by the City's wastewater facilities.* Even with this high amount of I&I it remains cost effective to enhance the existing treatment plant as compared to cost and difficulty of implementing corrective action including replacement of private side sewers.

How about the unthinkable... that the city needs to allow septic systems to avoid increased loading and to encourage people on OSS to stay on them longer. (Septic users consume no capacity). There are still properties more than 200 ft. from city sewer that are blocked from adding OSS.

Response:

As mentioned above, that is not allowed by state law. The City of North Bend is within an UGA and is mandated to deliver urban services such as water and sewer. As such we do not allow new septic systems with new construction in order to avoid pollution of rivers and water drinking sources. Further, most of North Bend is in the flood plain and is characterized by groundwater at or slightly below the ground surface during extended wet weather conditions. Under these conditions, a conventional septic tank drain field does not provide the necessary treatment to protect the environment and the public health and safety.

FCS' testimony at the 6/21 hearing indicated ratepayers would be paying \$3.4M as a result of capacity expansion.

Response:

Existing rate payers will be responsible for paying their fair share of the 5 year capital improvement program for permit compliance, redundancy, etc which is around that \$3.4M figure. The balance of the costs for implementing the improvements will be paid by future development.

If I'm not mistaken rate increases cannot be used to pay for capacity expansion, only maintenance, repair, and upkeep. Isn't using funds marked for O&M/repair an unlawful use when those funds are used for capacity expansion? Folks need to go back and propose additional revenues related to new development... higher new development charges to pay for such. In any case it is not following the philosophy of "growth pay for growth".

Response:

The program does require growth to pay for growth. The need for implementing the 5 year capital improvement plan is not growth as stated earlier. Cost associated with implementation of the 5 year capital improvement plan that are associated with the current unallocated capacity of the existing plant will be recovered through the GFCs. The faster development occurs the faster the City can recover capital for the existing plant improvements through developer paid GFCs and new city sewer customers through payment of monthly sewer rates.

I also have additional questions regarding the assumptions on revenues. Mark's reply to me indicated that rainy season water consumption was used as the basis for rate increases. It is common sense that many residential users will increase their consumption in the summer to maintain their homes lawns and to garden/grow food--certainly in line with "preserving the rural character of North Bend". Wouldn't a rate design that assumes winter usage of water overshoot and collect too much money during summer months? I'd like to get more details as to the design of the rate increase and revenue projections to ensure that we've looked at multi-year consumption... at least a full 12 months or more (certainly there are fluctuations for dry and wet years)... considering North Bend is asking for an astronomical rate increase folks seriously need to examine how to bring down the increase.

Response:

The City uses the average monthly water consumption rate during the period of November through March to establish the average daily sewage flow for the "drier" months of the year, April through October). Actual residential water consumption from April through October does not come into the equation for computation of sewer rates or calculation of the sewer bill. The monthly residential sewer bill for the months of April through October is equal to the average of the preceding 5 months of sewer bills during "wet weather" (November through March).

Both myself and another citizen at the meeting proposed an alternative sewer consumption charging structure... one proposed a flat rate for residents, I had proposed basing sewer charges on winter consumption. Certainly the winter strategy incents conservation... people are incented to reduce household water use during winter months--and that is usage that does go into city sewer and at the worst time, rainy season where inflows are highest due to water leaking into the system or improper drainage connections to sewer.

Response:

The City's prior sewer rate was based upon a flat rate but a flat rate fees does not encourage water or wastewater conservation, which are key objectives identified by the City Council. A volume based fee that is constant or increases concomitant with increased consumption/discharge encourages conservation. The proposed rate structure is volume based with a constant volume charge.

I'd also ask that the city examine other ways of paying for new development aside from GFC. Homes that are on septic at some point will be going to city sewer and simply increasing the GFCs makes migration to sewer even less attractive... and even major repairs are apt to cost less than a \$10k GFC (and that's before considering another \$10k-\$25k or more for a resident to connect from their home to the city sewer connection)... and then the resident has another \$100 or more in sewer consumption charges they did not have before (relative to pumping every 3-5 years at \$750 plus occasional maintenance costs, screen cleans and miscellaneous repairs). Did not Silver Creek just reject city sewer? What is the city doing to make connecting to sewer a more attractive option?

Response:

The City can apply for grant and loan funding from the Washington State Department of Ecology to reduce sewer rate increases associated with extending city sewer into existing neighborhood not currently served by the City's wastewater collection system. Centennial Clean Water Grant funds have been generally available to "buy down" the cost of the project so that the new customer's total sewer bill does not exceed 2% of the median household income. In 2015 median household income (MHI) for the Silver Creek has been reported to be \$84,432. Two percent of this equates to a threshold sewer rate cost of \$140.72. If the City applied and offered grant funding for the project then residents the average residential customers sewer rate would be set at 2% of the median household income. The grant would be provided to provide the necessary funds to buy down the capital obligation for the project. Also Ecology does provide additional financial aid through lowering

the interest rates on loans that result in sewer rates that are in the range of 80 to 100 percent of the sewer rate threshold (2% of MHI). However, the City's position has been that it is up to the neighborhood to decide if they wish to form a ULID to extend sewer to their neighborhood and busy City staff are not prepared to spend limited staff resources applying for such grants unless a neighborhood indicates a significant interest in such a ULID by initiating a ULID through a Petition. Although a Town Hall Meeting was conducted for the Silver Creek Community due to Ty Allen's inquiries (who I am copying on this email due to his interest in septic), the majority of homeowners who responded to the survey were not in favor of proceeding with connection to the City's sewer system in Silver Creek.

Last the upgrades/repairs and changes for "improvements" need to be examined closer to ensure there are no "shadow" capacity changes there. A good cross check is to re-run the system design "as if" no capacity changes were done and then compare the costs against the plan that increases the capacity... the difference is the cost of improvements/repairs/maintenance due to system capacity increase... and all those costs should be passed to new development.

Response:

It is essential to understand that the *improvements identified are principally replacement, repair, and additions for critical process redundancy* (e.g. the addition of a second clarifier, third UV reactor, and centrifuge) and for achieving compliance with the state biosolids regulations (i.e. , construction and operation of an aerobic digester for production of Class B Biosolids to allow for beneficial use for what currently is un-stabilized sewage sludge). In other words, even if another house was never built in North Bend our permit requires this level of redundancy for safety and compliance with current regulations.

I am also concerned with statements during the meeting that the plan/design is only "80%" done. So what else is left and what is the risk the costs go up?

Response:

The proposed rate increases are based on planning level estimates. Actual costs will vary but should be generally covered within +/- 30% of the estimated cost. Estimated costs are generally updated during and at the end of design phase. The construction market place sets the actual cost of construction may differ from the engineers estimate due to the cost of materials , labor and overall bidding climate at the time of bidding.

There was also a statement (I believe by the city administrator made it) that another \$12-\$14m in revenues will be needed for O&M to 2029... so ratepayers will be faced with that as well.... this should also be put out as the rate increases clearly won't end in 2020... that is almost as expensive as the entire improvement and capacity expansion plan being put forward now. I'd certainly like to see more details on this.

Response:

There is no capacity expansion in the 5-year Capital Improvement Plan as stated previously. Yes, operation and maintenance costs will increase over current levels because city needs to be more proactive rather than a reactive position to operating and maintaining the City's wastewater facility assets. The proposed rates include the cost for increased O&M and implementation of the 5-year capital improvement program.

I would like to understand when the system capacity changes and when we need certain levels of capacity. What capacity do we need and when do we need it? Perhaps present a table of the required capacity every year for the next 5-10-20 years.

Response:

Treatment plant capacity increases are not anticipated before 2029 based on the City's comprehensive plan and the draft wastewater facilities plan. Again the 5 year capital improvement program is needed to repair and replace equipment and systems that have failed or likely to fail because they have reached their design service life, and to bring the plant into compliance with the State and Federal standards for redundancy and reliability to assure compliance with the City's NPDES permit and to provide the City with the needed improvements to meet the State's Biosolids Management Regulations and General Permits for Biosolids, and to resolve nuisance odor issues associated with the plant.

Three additional suggestions given customers need notice of rate changes: 1) The new consumption rates to be included in a mailing for sewer charges and also a notice on the customer's bill of the date of the new rate plan 2) The rate plan takes effect the first billing cycle 6 months from adoption of the new rate plan. 3) Subsequent rate plan changes are spaced 12 months from the bill the first rate increase occurs.

On outreach: 1) The city needs to do a better job in social media... I see nothing wrong with a member of city government to post key announcements to popular facebook groups (such as the North Bend Political Forum or the North Bend News and Trading post)... those groups have 350 and more than 3000 members each. The city doesn't have to monitor these, only post. The city is still providing the required public notices anyway, posts are additional outreach. 2) Key facts the city wishes to highlight need to be in the email announcement not buried 80 pages in a PDF document... consider putting this information as an attachment or even better 1-3 pages as HTML in the email--consider that most people now get their email on a mobile device... reading a PDF on a mobile screen doesn't cut it 3) Simpler terms and clarity are needed... FCS presentation did little to explain this in terms the population can understand, and as well the engineering information on capacity requires some translation (perhaps to homes or population to translate treatment capacity from ERUs to something laypeople can understand). Similarly a clearer presentation of the cost of repairs/maintenance/upkeep and cost of capacity doubling. \$X million for repair/upkeep/maintenance \$Y million for capacity upgrade.

The City has been discussing the need for these capital improvements for 4 years at various public meetings and the need for the corresponding rate increases at various public meetings. The Capital Facilities Plan meeting describing in detail improvements you wish to discuss above was advertised and public meetings were conducted on March 15, 16 and April 26, 2016 (you incorrectly testified that this was the Silver Creek sewer meeting, which it was not). The rates were discussed in public Council Committee meetings on May 3, 11 and June 7 and 8, 2016. A public hearing before the City Council was opened on June 21st and continued until July 19th providing over a month for citizens to provide written or verbal comments to their elected officials. In addition, we added a Town Hall meeting on July 7th with our consultants and staff with an optional tour of the plant to answer questions. Finally we have posted all this information on the official City's Facebook Page, Twitter account, City's Web page, and posted official notices with the two local newspapers (Snoqualmie Valley Record and Snoqualmie Star) and the local blog (Living Snoqualmie). We also sent the notice/press release to all persons who have signed up for "Notify Me" through the official City Web Page seeking notice of City News and Highlights. The upcoming meetings are listed on the City Calendar and the press release is listed under the City's News and Highlights. We have also sent this information out to the local Yahoo Group. We have never found the utility billing notices to be an effective tool for communication particularly of upcoming meetings. We also are unwilling to start trying to distribute this information to certain private social media closed groups as you have suggested. The two Facebook groups you suggest are both closed and require membership and the City of North Bend is not a member .

Michael Thomas

----- Original Message -----

Subject: Request to oppose city sewer rate increase
From: <mthomas@bangstick.net>
Date: Tue, June 21, 2016 4:42 pm
To: "Council" <Council@northbendwa.gov>

Dear City Council,

I believe more time is in order to understand the nature of the rate increase and why such a massive capacity increase is required in such a short order... expanding the capacity to 11.5k people seems out of order within the next 5 years, even the UGA only requires us to build an additional 771 residences (+1982 people) to 2035 in the City's own most recent comprehensive plan.

I also suspect that a good part of the improvements are not for maintenance or upgrades but are cloaks for capacity expansion and that is not an appropriate use for a rate increase.

Citizens being given only 4 business days to review the rate increase and to ask questions, come up with alternative ideas, etc. is not good governance.

I urge the council to oppose this. I am not necessarily opposed to capacity expansion or needed rate increases, Mark's numbers do indicate we are close to the existing capacity and such an expansion may be warranted... the question is how much is needed and when? Is there an alternative plan? What are the minimum necessary repairs & maintenance and what is the capacity expansion needed and when?

Michael Thomas

----- Original Message -----

Subject: RE: Comments on Sewer Rate and GFC Increase 6/21
From: Mark Rigos <MRIGOS@NORTHBENDWA.GOV>
Date: Tue, June 21, 2016 9:56 am
To: "mthomas@bangstick.net" <mthomas@bangstick.net>, Susie Oppedal <SOPPEDAL@NORTHBENDWA.GOV>
Cc: Council <Council@northbendwa.gov>, Don DeBerg <DDEBERG@NORTHBENDWA.GOV>, Londi Lindell <LLINDELL@NORTHBENDWA.GOV>, Ken Hearing <KHEARING@NORTHBENDWA.GOV>

Hi Michael,

Thank you for providing input. Answers to your questions are as follows:

1. Yes, the rates were calculated based on a 5-month average, from November through March.

2. An Allocation Table was prepared and vetted by 4-5 licensed Professional civil engineers (PEs) by the State of Washington including 2 PhDs for allocating proportional costs into capacity or non-capacity facilities. Total cost of the 5-year improvements is estimated to be approximately \$15

million. Adjustment of the current GFC rates distributes the fair costs for upgrading the currently unallocated "rated" capacity of plant.

3. The existing City wastewater facilities currently provides conveyance, treatment and disposal for about 2,300 ERUs (equivalent residential units). One ERU is by definition equal to the flow and load attributable to the average single family residence (~2.57 people). With the implementation of the 5-year capital improvement program, the City wastewater facilities will have a "true" rated capacity capable of providing reliable conveyance, treatment and disposal for 4,492 ERUs.
4. Neither me nor my consultant understand what is being asked. However, all of the improvements in the 5-year plan are needed to bring the plant up to its rated capacity. The improvements are needed to replace equipment and systems that are being operated beyond their design service life, to bring the plant into conformance with its rated capacity, current City flood management regulations, current state and federal redundancy and reliability standards, and state biosolids management regulations.
5. For irrigation meters, sewer rate charges do not apply to water used for irrigation purposes.

Hope that helps.

Sincerely,
Mark Rigos, P.E.
Public Works Director
City of North Bend
PO Box 896
1155 East North Bend Way
North Bend, WA 98045
(425) 888-7650

From: mthomas@bangstick.net [mailto:mthomas@bangstick.net]
Sent: Monday, June 20, 2016 4:05 PM
To: Susie Oppedal
Cc: Mark Rigos; Council
Subject: Comments on Sewer Rate and GFC Increase 6/21

Hello,

I am a resident of North Bend at 1231 LaForest Drive SE North Bend WA 98045 and wish to submit comments and questions for the record for the 6/21 hearing on the sewer rate and GFC increase.

I oppose the rate increase both in terms of both the general rate and GFC rate increase at this time. I would like to see an extended period for public comment on the proposal, certainly 4 business days notice of a rate increase does not provide the public sufficient time to comment on such a massive rate increase...

although the city has known about this for months (with the original notice dating to April), citizens have not had the details until last week.

I would also like to see more details as to the plans for improvements and costs differentiated by improvements versus capacity expansion. There are no details provided in the city council packet justifying the rate increase or details such that the public can understand what components are for new development versus for upgrade or repair. The city has already exceeded its UGA growth targets to 2030... it's not clear how much capacity is actually required and whether the new plan exceeds the UGA target.

I have the following questions:

1) Was "winter quarter averaging" for establishing the basis for sewer charges evaluated? Obviously summer water usage for many homeowners and property owners also includes water that is used to maintain lawns and grow food for home gardens or farms within city limits and this water does not go into the sewer system for treatment. I believe winter usage is perhaps more reflective of actual usage that is apt to require sewer treatment. I view the old rate structure of a higher base charge but a very low variable rate charge is meant to reflect this. It would make sense that the winter water usage for properties with a single meter (without a separate meter for irrigation) would be most reflective of usage that requires sewer treatment. Reducing winter water usage that requires sewer treatment during the wettest months helps reduce the volume due to people and when infiltration in the system is greatest due to aging pipes, improper drain connections, etc. I am surprised North Bend has not considered winter quarter averaging to base sewer charges on what is usage that requires treatment vs. usage that doesn't (e.g., lawncare, gardening).

Winter quarter averaging would help those owners "maintain the rural look and feel" and small town character of their properties by providing a reasonable way to charge for water usage that requires sewer treatment and to maintain their lawns and landscaping.

2) Of the rate increases to both the GFC and monthly rate structure how much is due to capacity expansion vs. not capacity expansion (e.g., upgrades or required repairs)?

3) How many single family residences does the current system support and how many residences will be supported with the proposed capacity expansions? If this changes over time please elaborate the capacity changes over time.

4) What is the minimum capacity increase required (in terms of # of single-family residences)?

5) How are charges handled for properties with a separate meter for irrigation handled? The new ordinance rate structure does not elaborate on usage for irrigation or differentiate consumption for residential use vs. irrigation.

Please include my comments and questions for the public record.

Regards
Michael Thomas

Issuance Date: May 23, 2013
Effective Date: July 1, 2013
Expiration Date: June 30, 2018

**National Pollutant Discharge Elimination System
Waste Discharge Permit No. WA0029351**

State of Washington
DEPARTMENT OF ECOLOGY
Northwest Regional Office
3190 160th Avenue SE
Bellevue, WA 98008-5452

In compliance with the provisions of
The State of Washington Water Pollution Control Law
Chapter 90.48 Revised Code of Washington
and
The Federal Water Pollution Control Act
(The Clean Water Act)
Title 33 United States Code, Section 1342 et seq.

CITY OF NORTH BEND
P.O. Box 896
North Bend, WA 98045

is authorized to discharge in accordance with the Special and General Conditions that follow.

Plant Location:
400 Bendigo Blvd. N.
North Bend, WA 98045

Receiving Water:
Snoqualmie River, South Fork

Treatment Type:
Oxidation Ditch

Discharge Location, Outfall 001:
Latitude: 47.499589
Longitude: -121.787731

Kevin C. Fitzpatrick
Water Quality Section Manager
Northwest Regional Office
Washington State Department of Ecology

103

Table of Contents

Summary of Permit Report Submittals 4

Special Conditions..... 5

S1. Discharge limits 5

 S1.A. Effluent limits, August through October5

 S1.B. Effluent limits, November through July6

 S1.C. Mixing zone authorization for Outfall 001 6

S2. Monitoring requirements 7

 S2.A. Monitoring schedule7

 S2.B. Sampling and analytical procedures9

 S2.C. Flow measurement, field measurement, and continuous monitoring devices 10

 S2.D. Laboratory accreditation 10

 S2.E. Request for reduction in monitoring 10

S3. Reporting and recording requirements..... 11

 S3.A. Reporting 11

 S3.B. Records retention 12

 S3.C. Recording of results 12

 S3.D. Additional monitoring by the Permittee 13

 S3.E. Reporting permit violations 13

 S3.F. Other reporting..... 14

 S3.G. Maintaining a copy of this permit 15

S4. Facility loading 15

 S4.A. Design criteria..... 15

 S4.B. Plans for maintaining adequate capacity..... 15

 S4.C. Duty to mitigate 15

 S4.D. Notification of new or altered sources 16

S5. Operation and maintenance 16

 S5.A. Certified operator 16

 S5.B. Operation and maintenance program 16

 S5.C. Short-term reduction 17

 S5.D. Electrical power failure..... 17

 S5.E. Prevent connection of inflow 17

 S5.F. Bypass procedures 17

 S5.G. Operations and maintenance (O&M) manual 19

S6. Pretreatment 20

 S6.A. General requirements 20

 S6.B. Duty to enforce discharge prohibitions 20

 S6.C. Wastewater discharge permit required..... 21

 S6.D. Identification and reporting of existing, new, and proposed industrial users 22

 S6.E. Industrial user survey 22

S7. Solid wastes 22

S8. Acute toxicity 23

- S8.A. Testing when there is no permit limit for acute toxicity 23
- S8.B. Sampling and reporting requirements..... 23
- S9. Chronic toxicity 24**
 - S9.A. Testing when there is no permit limit for chronic toxicity 24
 - S9.B. Sampling and reporting requirements..... 24
- S10. Temperature reduction study 25**
- S11. Outfall evaluation..... 26**
- S12. Application for permit renewal or modification for facility changes..... 26**
- GENERAL CONDITIONS*..... 27**
- G1. Signatory requirements 27**
- G2. Right of inspection and entry 28**
- G3. Permit actions..... 28**
- G4. Reporting planned changes 29**
- G5. Plan review required..... 30**
- G6. Compliance with other laws and statutes 30**
- G7. Transfer of this permit 30**
- G8. Reduced production for compliance 31**
- G9. Removed substances 31**
- G10. Duty to provide information 31**
- G11. Other requirements of 40 CFR..... 31**
- G12. Additional monitoring 31**
- G13. Payment of fees..... 31**
- G14. Penalties for violating permit conditions 31**
- G15. Upset..... 32**
- G16. Property rights 32**
- G17. Duty to comply 32**
- G18. Toxic pollutants..... 32**
- G19. Penalties for tampering 33**
- G20. Compliance schedules..... 33**
- G21. Contract review 33**
- Appendix A* 34**

Summary of Permit Report Submittals

Refer to the Special and General Conditions of this permit for additional submittal requirements.

Permit Section	Submittal	Frequency	First Submittal Date
S3.A	Discharge Monitoring Report	Monthly	August 15, 2013
S3.E	Reporting Permit Violations	As necessary	
S3.F	Other Reporting	As necessary	
S4.B	Plans for Maintaining Adequate Capacity	As necessary	
S4.D	Notification of New or Altered Sources	As necessary	
S5.F	Bypass Notification	As necessary	
S5.G	Operations and Maintenance Manual Update	1/permit cycle	July 31, 2014
S6.E	Industrial User Survey Submittal	1/permit cycle	December 31, 2017
S8	Acute Toxicity Effluent Test Results	2/permit cycle	October 31, 2016 April 30, 2017
S9	Chronic Toxicity Effluent Test Results	2/permit cycle	January 31, 2017 July 31, 2017
S10	Temperature Reduction Study Scope of Work	1/permit cycle	July 31, 2014
S10	Temperature Reduction Study Report	1/permit cycle	July 31, 2015
S10	Temperature Reduction Implementation Letter	1/permit cycle	July 31, 2016
S11	Outfall Evaluation	1/permit cycle	October 31, 2014
S12	Application for Permit Renewal	1/permit cycle	December 31, 2017
G1	Notice of Change in Authorization	As necessary	
G4	Reporting Planned Changes	As necessary	
G5	Engineering Report for Construction or Modification Activities	As necessary	
G7	Notice of Permit Transfer	As necessary	
G10	Duty to Provide Information	As necessary	
G13	Payment of Fees	As assessed	
G20	Compliance Schedules	As necessary	
G21	Contract Submittal	As necessary	

Special Conditions

S1. Discharge limits

All discharges and activities authorized by this permit must comply with the terms and conditions of this permit. The discharge of any of the following pollutants more frequently than, or at a level in excess of, that identified and authorized by this permit violates the terms and conditions of this permit.

S1.A. Effluent limits, August through October

Beginning on the effective date of this permit, the Permittee may discharge treated municipal wastewater to the Snoqualmie River during August, September, and October at the permitted location subject to compliance with the following limits:

Effluent Limits: Outfall 001		
Latitude 47.499589 Longitude -121.787731		
Parameter	Average Monthly ^a	Average Weekly ^b
Carbonaceous Biochemical Oxygen Demand (5-day) (CBOD ₅)	25 milligrams/liter (mg/L) 85% removal of influent CBOD ₅	40 mg/L
Total Suspended Solids (TSS)	30 mg/L 350 lbs/day 85% removal of influent TSS	45 mg/L 525 lbs/day
Parameter	Daily Minimum	Daily Maximum
pH	6.0 standard units	9.0 standard units
Parameter	Monthly Geometric Mean	7-day Geometric Mean
Fecal Coliform Bacteria ^c	200/100 milliliter (mL)	400/100 mL
Parameter	Average Monthly	Maximum Daily ^d
NBOD+CBOD ^e	164 lbs/day	300 lbs/day
^a	Average monthly effluent limit means the highest allowable average of daily discharges over a calendar month. To calculate the discharge value to compare to the limit, you add the value of each daily discharge measured during a calendar month and divide this sum by the total number of daily discharges measured. See footnote c for fecal coliform calculations.	
^b	Average weekly discharge limit means the highest allowable average of "daily discharges" over a calendar week, calculated as the sum of all "daily discharges" measured during a calendar week divided by the number of "daily discharges" measured during that week. See footnote c for fecal coliform calculations.	
^c	Ecology provides directions to calculate the monthly and the 7-day geometric mean in publication No. 04-10-020, <i>Information Manual for Treatment Plant Operators</i> available at: http://www.ecy.wa.gov/pubs/0410020.pdf	
^d	Maximum daily effluent limit is the highest allowable daily discharge. The daily discharge is the average discharge of a pollutant measured during a calendar day. For pollutants with limits expressed in units of mass, calculate the daily discharge as the total mass of the pollutant discharged over the day. This does not apply to pH or temperature.	
^e	NBOD+CBOD means Nitrogenous + Carbonaceous Biochemical Oxygen Demand (5-day) NBOD+CBOD is defined by the following equation: NBOD+CBOD (lbs/day) = (2.155 * ammonia-N (lbs/day)) + CBOD₅ (lbs/day) Where total ammonia (as N) and CBOD ₅ are measurements from the same daily composite sample.	

S1.B. Effluent limits, November through July

Beginning on the effective date of this permit, the Permittee may discharge treated municipal wastewater to the Snoqualmie River during November through July at the permitted location subject to compliance with the following limits:

Effluent Limits: Outfall 001		
Latitude 47.499589 Longitude -121.787731		
Parameter	Average Monthly ^a	Average Weekly ^b
Carbonaceous Biochemical Oxygen Demand (5-day) (CBOD ₅)	25 milligrams/liter (mg/L) 538 pounds/day (lbs/day) 85% removal of influent CBOD ₅	40 mg/L 861 lbs/day
Total Suspended Solids (TSS)	30 mg/L 646 lbs/day 85% removal of influent TSS	45 mg/L 968 lbs/day
Parameter	Daily Minimum	Daily Maximum
pH	6.0 standard units	9.0 standard units
Parameter	Monthly Geometric Mean	7-day Geometric Mean
Fecal Coliform Bacteria ^c	200/100 milliliter (mL)	400/100 mL
^a	Average monthly effluent limit means the highest allowable average of daily discharges over a calendar month. To calculate the discharge value to compare to the limit, you add the value of each daily discharge measured during a calendar month and divide this sum by the total number of daily discharges measured. See footnote c for fecal coliform calculations.	
^b	Average weekly discharge limitation means the highest allowable average of "daily discharges" over a calendar week, calculated as the sum of all "daily discharges" measured during a calendar week divided by the number of "daily discharges" measured during that week. See footnote c for fecal coliform calculations.	
^c	Ecology provides directions to calculate the monthly and the 7-day geometric mean in publication No. 04-10-020, Information Manual for Treatment Plant Operators available at: http://www.ecy.wa.gov/pubs/0410020.pdf	

S1.C. Mixing zone authorization for Outfall 001

The paragraphs below define the maximum boundaries of the mixing zones.

Chronic mixing zone

The width of the chronic mixing zone is limited to a distance of 17 feet. The length of the chronic mixing zone extends 100 feet upstream and 256 feet downstream of the outfall. The mixing zone extends from the discharge ports to the top of the water surface. The concentration of pollutants at the edge of the chronic zone must meet chronic aquatic life criteria and human health criteria.

Chronic mixing zone – temperature only

The river flow available for chronic dilution in the mixing zone is limited to 25% of the 7Q10 flow.

Acute mixing zone

The river flow available for acute dilution in the mixing zone is limited to 2.5% of the 7Q10 flow. The concentration of pollutants at the edge of the acute zone must meet acute aquatic life criteria.

Available Dilution (dilution factor)	
Acute Aquatic Life Criteria	2.8
Chronic Aquatic Life Criteria	14.8
Temperature	20.9
Human Health Criteria - Carcinogen	60.7
Human Health Criteria - Non-carcinogen	18.4

S2. Monitoring requirements

S2.A. Monitoring schedule

The Permittee must monitor in accordance with the following schedule and the requirements specified in Appendix A.

Parameter	Units & Speciation	Minimum Sampling Frequency	Sample Type
(1) Wastewater Influent			
Wastewater Influent means the raw sewage flow from the collection system into the treatment facility. Sample the wastewater entering the headworks of the treatment plant excluding any side-stream returns from inside the plant.			
Biochemical Oxygen Demand (BOD ₅)	mg/L	1/week	24-hour composite ^a
BOD ₅	lbs/day	1/week	Calculated ^b
Carbonaceous Biochemical Oxygen Demand (CBOD ₅)	mg/L	2/week	24-hour composite
Total Suspended Solids (TSS)	mg/L	2/week	24-hour composite
TSS	lbs/day	2/week	Calculated
(2) Final Wastewater Effluent			
Final Wastewater Effluent means wastewater exiting the last treatment process or operation.			
Flow	MGD	Continuous ^c	Metered/recorded
CBOD ₅	mg/L	2/week	24-hour composite
CBOD ₅	lbs/day	2/week	Calculated
CBOD ₅	% removal ^d	1/month	Calculated
TSS	mg/L	2/week	24-hour composite
TSS	lbs/day	2/week	Calculated
TSS	% removal	1/month	Calculated
Fecal Coliform ^e	#Organisms /100 ml	2/week	Grab ^f
pH ^g	Standard Units	1/day	Grab
Temperature ^h	Degrees centigrade (°C)	Continuous	Measurement
7-DAD Max Temperature ⁱ	°C	1/day	Calculated

Parameter	Units & Speciation	Minimum Sampling Frequency	Sample Type
(3) Final Wastewater Effluent – August, September, & October only			
Total Ammonia	mg/L as N	2/week	24-hour composite
Total Ammonia	lbs/day	2/week	Calculated
NBOD+CBOD ^J	lbs/day	2/week	Calculated
(4) Whole Effluent Toxicity Testing – Final Wastewater Effluent			
Acute Toxicity Testing	See Section S8	2/permit cycle August 2016 February 2017	24-hour composite
Chronic Toxicity Testing	See Section S9	2/permit cycle November 2016 May 2017	24-hour composite
(5) Effluent Characterization – Final Wastewater Effluent			
Total Ammonia	mg/L as N	1/month (November through July only)	24-hour composite
Total Phosphorus	mg/L as P	1/month	24-hour composite
Soluble Reactive Phosphorus (as P)	mg/L as P	1/month	24-hour composite
Nitrate plus Nitrite Nitrogen	mg/L as N	1/month	24-hour composite
Total Kjeldahl Nitrogen (TKN)	mg/L as N	1/month	24-hour composite
(6) Permit Renewal Application Requirements – Final Wastewater Effluent^k			
The Permittee must record and report the wastewater treatment plant flow discharged on the day it collects the sample for priority pollutant testing with the discharge monitoring report.			
Dissolved Oxygen	mg/L	4/permit cycle July 2016 October 2016 January 2017 April 2017	Grab
Oil and Grease	mg/L	"	Grab
Total Dissolved Solids	mg/L	"	24-hour composite
Total Hardness	mg/L	"	24-hour composite
Cyanide	micrograms/liter (µg/L)	"	Grab
Total Phenolic Compounds	µg/L	"	Grab
Priority Pollutants (PP) – Metals	µg/L; nanograms(ng/L) for mercury	"	24-Hour composite Grab for mercury
PP – Volatile Compounds	µg/L	"	Grab
PP – Acid Compounds	µg/L	"	24-Hour composite
PP – Base/Neutral Compounds	µg/L	"	24-Hour composite
^a	24-hour composite means a series of individual samples collected over a 24-hour period into a single container, and analyzed as one sample.		
^b	Calculation means figured concurrently with the respective sample, using the following formula: Concentration (in mg/L) X Flow (in MGD) X Conversion Factor (8.34) = lbs/day		
^c	Continuous means uninterrupted except for brief lengths of time for calibration, for power failure, or for unanticipated equipment repair or maintenance.		

Parameter	Units & Speciation	Minimum Sampling Frequency	Sample Type
d	$\% \text{ removal} = \frac{\text{Influent concentration (mg/L)} - \text{Effluent concentration (mg/L)}}{\text{Influent concentration (mg/L)}} \times 100$ <p>Calculate the percent (%) removal of CBOD₅ and TSS using the above equation.</p>		
e	Report a numerical value for fecal coliforms following the procedures in Ecology's <i>Information Manual for Wastewater Treatment Plant Operators</i> , Publication Number 04-10-020 available at: http://www.ecy.wa.gov/programs/wq/permits/guidance.html . Do not report a result as too numerous to count (TNTC).		
f	Grab means an individual sample collected over a fifteen (15) minute, or less, period.		
g	Report the daily minimum and maximum pH.		
h	The Permittee must determine and report a daily maximum from half-hour measurements in a 24-hour period. Continuous monitoring instruments must achieve an accuracy of 0.2 degrees C and the Permittee must verify accuracy annually.		
i	Calculate a 7-DAD Max for each day by averaging each day's maximum temperature value with the values from the six (6) preceding days.		
j	NBOD+CBOD is defined by the following equation: $\text{NBOD+CBOD (lbs/day)} = (2.155 \times \text{ammonia-N (lbs/day)}) + \text{CBOD}_5 \text{ (lbs/day)}$ Where total ammonia-N and CBOD ₅ are measurements from the same daily composite sample.		
k	See Appendix A for the required detection (DL) or quantitation (QL) levels. Report single analytical values below detection as "less than (detection level)" where (detection level) is the numeric value specified in attachment A. Report single analytical values between the agency-required detection and quantitation levels with qualifier code of j following the value. To calculate the average value (monthly average): <ul style="list-style-type: none"> • Use the reported numeric value for all parameters measured between the agency-required detection value and the agency-required quantitation value. • For values reported below detection, use one-half the detection value if the lab detected the parameter in another sample for the reporting period. • For values reported below detection, use zero if the lab did not detect the parameter in another sample for the reporting period. If the Permittee is unable to obtain the required DL and QL in its effluent due to matrix effects, the Permittee must submit a matrix-specific detection limit (MDL) and a quantitation limit (QL) to Ecology with appropriate laboratory documentation.		

S2.B. Sampling and analytical procedures

Samples and measurements taken to meet the requirements of this permit must represent the volume and nature of the monitored parameters. The Permittee must conduct representative sampling of any unusual discharge or discharge condition, including bypasses, upsets, and maintenance-related conditions that may affect effluent quality.

Sampling and analytical methods used to meet the monitoring requirements specified in this permit must conform to the latest revision of the *Guidelines Establishing Test Procedures for the Analysis of Pollutants* contained in 40 CFR Part 136.

S2.C. Flow measurement, field measurement, and continuous monitoring devices

The Permittee must:

1. Select and use appropriate flow measurement, field measurement, and continuous monitoring devices and methods consistent with accepted scientific practices.
2. Install, calibrate, and maintain these devices to ensure the accuracy of the measurements is consistent with the accepted industry standard and the manufacturer's recommendation for that type of device.
3. Calibrate micro-recording temperature devices, known as thermistors, using protocols from Ecology's Quality Assurance Project Plan Development Tool (*Continuous Temperature Sampling Protocols for the Environmental Monitoring and Trends*). This document is available online at: <http://www.ecy.wa.gov/programs/eap/qa/docs/QAPPTool/Mod6%20Ecology%20SOPs/Protocols/ContinuousTemperatureSampling.pdf>
Calibration as specified in this document is not required if the Permittee uses recording devices certified by the manufacturer.
4. Use field measurement devices as directed by the manufacturer and do not use reagents beyond their expiration dates.
5. Calibrate these devices at the frequency recommended by the manufacturer.
6. Maintain calibration records for at least three years.

S2.D. Laboratory accreditation

The Permittee must ensure that all monitoring data required by Ecology is prepared by a laboratory registered or accredited under the provisions of chapter 173-50 WAC, Accreditation of Environmental Laboratories. Flow, temperature, pH, and internal process control parameters are exempt from this requirement. The Permittee must obtain accreditation for pH if it must receive accreditation or registration for other parameters.

S2.E. Request for reduction in monitoring

The Permittee may request a reduction of the sampling frequency after twelve (12) months of monitoring. Ecology will review each request and at its discretion grant the request when it reissues the permit or by a permit modification.

The Permittee must:

1. Provide a written request.
2. Clearly state the parameters for which it is requesting reduced monitoring.
3. Clearly state the justification for the reduction.

S3. Reporting and recording requirements

The Permittee must monitor and report in accordance with the following conditions.

Falsification of information submitted to Ecology is a violation of the terms and conditions of this permit.

S3.A. Reporting

The first monitoring period begins on the effective date of the permit. The Permittee must:

1. Summarize, report, and submit monitoring data obtained during each monitoring period on the electronic Discharge Monitoring Report (DMR) form provided by Ecology within WQWebDMR. Include data for each of the parameters tabulated in Special Condition S2 and as required by the form. Report a value for each day sampling occurred (unless specifically exempted in the permit) and for the summary values (when applicable) included on the electronic form.

To find out more information and to sign up for WAWebDMR go to:

<http://www.ecy.wa.gov/programs/wq/permits/paris/webdmr.html>

If unable to submit electronically (for example, if you do not have an internet connection), the Permittee must contact Ecology to request a waiver and obtain instructions on how to obtain a paper copy DMR.

The Permittee may submit DMRs on the paper form provided by Ecology until October 1, 2013.

2. Enter the “no discharge” reporting code for an entire DMR, for a specific monitoring point, or for a specific parameter as appropriate, if the Permittee did not discharge wastewater or a specific pollutant during a given monitoring period.
3. Report single analytical values below detection as “less than the detection level (DL)” by entering < followed by the numeric value of the detection level (e.g. < 2.0) on the DMR. If the method used did not meet the minimum DL and quantitation level (QL) identified in the permit, report the actual QL and DL in the comments or in the location provided.
4. Calculate average values (unless otherwise specified in the permit) using:
 - a. The reported numeric value for all parameters measured between the agency-required detection value and the agency-required quantitation value.
 - b. One-half the detection value (for values reported below detection) if the lab detected the parameter in another sample for the reporting period.
 - c. Zero (for values reported below detection) if the lab did not detect the parameter in another sample for the reporting period.
5. Report single-sample grouped parameters (for example priority pollutants, PAHs, pulp and paper chlorophenolics, TTOs) on the WAWebDMR form and include: sample date, concentration detected, detection limit (DL) (as necessary), and laboratory quantitation level (QL) (as necessary). The Permittee must also submit an electronic PDF copy of the laboratory report using WAWebDMR.

If the Permittee has obtained a waiver from electronic reporting or if submitting prior to the compliance date, the Permittee must submit a paper copy of the laboratory report providing the following information: date sampled, sample location, date of analysis, parameter name, CAS number, analytical method/number, detection limit (DL), laboratory quantitation level (QL), reporting units, and concentration detected.

The contract laboratory reports must also include information on the chain of custody, QA/QC results, and documentation of accreditation for the parameter.

6. Ensure that DMRs are electronically submitted no later than the dates specified below, unless otherwise specified in this permit.

Until the compliance date identified in S3.A.1 or if the Permittee has obtained a waiver, it must ensure that paper forms are postmarked or received by Ecology no later than the dates specified below, unless otherwise specified in this permit.

7. Submit DMRs for parameters with the monitoring frequencies specified in S2. The Permittee must submit monthly DMRs by the 15th day of the following month.
8. Submit reports to Ecology online using Ecology's electronic WQWebDMR submittal forms (electronic DMRs) as required above. Send reports to Ecology at:

Water Quality Permit Coordinator
Department of Ecology
Northwest Regional Office
3190 160th Avenue SE
Bellevue, WA 98008-5452

S3.B. Records retention

The Permittee must retain records of all monitoring information for a minimum of three (3) years. Such information must include all calibration and maintenance records and all original recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for this permit. The Permittee must extend this period of retention during the course of any unresolved litigation regarding the discharge of pollutants by the Permittee or when requested by Ecology.

S3.C. Recording of results

For each measurement or sample taken, the Permittee must record the following information:

1. The date, exact place, method, and time of sampling or measurement.
2. The individual who performed the sampling or measurement.
3. The dates the analyses were performed.

4. The individual who performed the analyses.
5. The analytical techniques or methods used.
6. The results of all analyses.

S3.D. Additional monitoring by the Permittee

If the Permittee monitors any pollutant more frequently than required by Condition S2 of this permit, then the Permittee must include the results of such monitoring in the calculation and reporting of the data submitted in the Permittee's DMR.

S3.E. Reporting permit violations

The Permittee must take the following actions when it violates or is unable to comply with any permit condition:

1. Immediately take action to stop, contain, and cleanup unauthorized discharges or otherwise stop the noncompliance and correct the problem.
2. If applicable, immediately repeat sampling and analysis. Submit the results of any repeat sampling to Ecology within thirty (30) days of sampling.

a. Immediate reporting

The Permittee must immediately report to Ecology and the Local Health Jurisdiction (at the numbers listed below), all:

- Failures of the disinfection system.
- Collection system overflows.
- Plant bypasses resulting in a discharge.
- Any other failures of the sewage system (pipe breaks, etc).

Northwest Regional Office	425-649-7000
King County Environmental Health Services	206-205-4394

b. Twenty-four-hour reporting

The Permittee must report the following occurrences of noncompliance by telephone, to Ecology at the telephone numbers listed above, within 24 hours from the time the Permittee becomes aware of any of the following circumstances:

1. Any noncompliance that may endanger health or the environment, unless previously reported under immediate reporting requirements.
2. Any unanticipated bypass that causes an exceedance of an effluent limit in the permit (See Part S5.F, "Bypass Procedures").
3. Any upset that causes an exceedance of an effluent limit in the permit (See G.15, "Upset").

4. Any violation of a maximum daily or instantaneous maximum discharge limit for any of the pollutants in Section S1.A and S1.B of this permit.
5. Any overflow prior to the treatment works, whether or not such overflow endangers health or the environment or exceeds any effluent limit in the permit.

c. Report within five days

The Permittee must also provide a written submission within five days of the time that the Permittee becomes aware of any reportable event under subparts a or b, above. The written submission must contain:

1. A description of the noncompliance and its cause.
2. The period of noncompliance, including exact dates and times.
3. The estimated time the Permittee expects the noncompliance to continue if not yet corrected.
4. Steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.
5. If the noncompliance involves an overflow prior to the treatment works, an estimate of the quantity (in gallons) of untreated overflow.

d. Waiver of written reports

Ecology may waive the written report required in subpart c, above, on a case-by-case basis upon request if the Permittee has submitted a timely oral report.

e. All other permit violation reporting

The Permittee must report all permit violations, which do not require immediate or within 24 hours reporting, when it submits monitoring reports for S3.A ("Reporting"). The reports must contain the information listed in subpart c, above. Compliance with these requirements does not relieve the Permittee from responsibility to maintain continuous compliance with the terms and conditions of this permit or the resulting liability for failure to comply.

f. Report submittal

The Permittee must submit reports to the address listed in S3.A.

S3.F. Other reporting

The Permittee must report a spill of oil or hazardous materials in accordance with the requirements of RCW 90.56.280 and chapter 173-303-145. You can obtain further instructions at the following website:

<http://www.ecy.wa.gov/programs/spills/other/reportaspill.htm>.

Where the Permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application, or in any report to Ecology, it must submit such facts or information promptly.

S3.G. Maintaining a copy of this permit

The Permittee must keep a copy of this permit at the facility and make it available upon request to Ecology inspectors.

S4. Facility loading

S4.A. Design criteria

The flows or waste loads for the permitted facility must not exceed the following design criteria:

Maximum Month Design Flow (MMDF)	2.58 MGD
BOD ₅ Influent Loading for Maximum Month	2,805 lb/day
TSS Influent Loading for Maximum Month	2,304 lb/day

S4.B. Plans for maintaining adequate capacity

a. Conditions triggering plan submittal

The Permittee must submit a plan and a schedule for continuing to maintain capacity to Ecology when:

1. The actual flow or waste load reaches 85 percent of any one of the design criteria in S4.A for three consecutive months; or
2. The projected plant flow or loading would reach design capacity within five years.

b. Plan and schedule content

The plan and schedule must identify the actions necessary to maintain adequate capacity for the expected population growth and to meet the limits and requirements of the permit. The Permittee must consider the following topics and actions in its plan.

1. Analysis of the present design and proposed process modifications
2. Reduction or elimination of excessive infiltration and inflow of uncontaminated ground and surface water into the sewer system
3. Limits on future sewer extensions or connections or additional waste loads
4. Modification or expansion of facilities
5. Reduction of industrial or commercial flows or waste loads

Engineering documents associated with the plan must meet the requirements of WAC 173-240-060, "Engineering Report," and be approved by Ecology prior to any construction.

S4.C. Duty to mitigate

The Permittee must take all reasonable steps to minimize or prevent any discharge or sludge use or disposal in violation of this permit that has a reasonable likelihood of adversely affecting human health or the environment.

S4.D. Notification of new or altered sources

1. The Permittee must submit written notice to Ecology whenever any new discharge or a substantial change in volume or character of an existing discharge into the wastewater treatment plant is proposed which:
 - a. Would interfere with the operation of, or exceed the design capacity of, any portion of the wastewater treatment plant.
 - b. Is not part of an approved general sewer plan or approved plans and specifications.
 - c. Is subject to pretreatment standards under 40 CFR Part 403 and Section 307(b) of the Clean Water Act.
2. This notice must include an evaluation of the wastewater treatment plant's ability to adequately transport and treat the added flow and/or waste load, the quality and volume of effluent to be discharged to the treatment plant, and the anticipated impact on the Permittee's effluent [40 CFR 122.42(b)].

S5. Operation and maintenance

The Permittee must at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances), which are installed to achieve compliance with the terms and conditions of this permit. Proper operation and maintenance also includes keeping a daily operation logbook (paper or electronic), adequate laboratory controls, and appropriate quality assurance procedures. This provision of the permit requires the Permittee to operate backup or auxiliary facilities or similar systems only when the operation is necessary to achieve compliance with the conditions of this permit.

S5.A. Certified operator

This permitted facility must be operated by an operator certified by the state of Washington for at least a Class II plant. This operator must be in responsible charge of the day-to-day operation of the wastewater treatment plant. An operator certified for at least a Class I plant must be in charge during all regularly scheduled shifts.

S5.B. Operation and maintenance program

The Permittee must:

1. Institute an adequate operation and maintenance program for the entire sewage system.
2. Keep maintenance records on all major electrical and mechanical components of the treatment plant, as well as the sewage system and pumping stations. Such records must clearly specify the frequency and type of maintenance recommended by the manufacturer and must show the frequency and type of maintenance performed.
3. Make maintenance records available for inspection at all times.

S5.C. Short-term reduction

The Permittee must schedule any facility maintenance, which might require interruption of wastewater treatment and degrade effluent quality, during non-critical water quality periods and carry this maintenance out in a manner approved by Ecology.

If a Permittee contemplates a reduction in the level of treatment that would cause a violation of permit discharge limits on a short-term basis for any reason, and such reduction cannot be avoided, the Permittee must:

1. Give written notification to Ecology, if possible, thirty (30) days prior to such activities.
2. Detail the reasons for, length of time of, and the potential effects of the reduced level of treatment.

This notification does not relieve the Permittee of its obligations under this permit.

S5.D. Electrical power failure

The Permittee must ensure that adequate safeguards prevent the discharge of untreated wastes or wastes not treated in accordance with the requirements of this permit during electrical power failure at the treatment plant and/or sewage lift stations. Adequate safeguards include, but are not limited to, alternate power sources, standby generator(s), or retention of inadequately treated wastes.

The Permittee must maintain Reliability Class II (EPA 430/9-74-001) at the wastewater treatment plant. Reliability Class II requires a backup power source sufficient to operate all vital components and critical lighting and ventilation during peak wastewater flow conditions. Vital components used to support the secondary processes (i.e., mechanical aerators or aeration basin air compressors) need not be operable to full levels of treatment, but must be sufficient to maintain the biota.

S5.E. Prevent connection of inflow

The Permittee must strictly enforce its sewer ordinances and not allow the connection of inflow (roof drains, foundation drains, etc.) to the sanitary sewer system.

S5.F. Bypass procedures

This permit prohibits a bypass, which is the intentional diversion of waste streams from any portion of a treatment facility. Ecology may take enforcement action against a Permittee for a bypass unless one of the following circumstances (1, 2, or 3) applies.

1. Bypass for essential maintenance without the potential to cause violation of permit limits or conditions.

This permit authorizes a bypass if it allows for essential maintenance and does not have the potential to cause violations of limits or other conditions of this permit, or adversely impact public health as determined by Ecology prior to the bypass. The Permittee must submit prior notice, if possible, at least ten (10) days before the date of the bypass.

2. Bypass which is unavoidable, unanticipated, and results in noncompliance of this permit.

This permit authorizes such a bypass only if:

- a. Bypass is unavoidable to prevent loss of life, personal injury, or severe property damage. "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which would cause them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass.
 - b. No feasible alternatives to the bypass exist, such as:
 - The use of auxiliary treatment facilities.
 - Retention of untreated wastes.
 - Maintenance during normal periods of equipment downtime, but not if the Permittee should have installed adequate backup equipment in the exercise of reasonable engineering judgment to prevent a bypass.
 - Transport of untreated wastes to another treatment facility or preventative maintenance), or transport of untreated wastes to another treatment facility.
 - c. Ecology is properly notified of the bypass as required in Condition S3.E of this permit.
3. If bypass is anticipated and has the potential to result in noncompliance of this permit.
 - a. The Permittee must notify Ecology at least thirty (30) days before the planned date of bypass. The notice must contain:
 - A description of the bypass and its cause.
 - An analysis of all known alternatives which would eliminate, reduce, or mitigate the need for bypassing.
 - A cost-effectiveness analysis of alternatives including comparative resource damage assessment.
 - The minimum and maximum duration of bypass under each alternative.
 - A recommendation as to the preferred alternative for conducting the bypass.
 - The projected date of bypass initiation.
 - A statement of compliance with SEPA.
 - A request for modification of water quality standards as provided for in WAC 173-201A-410, if an exceedance of any water quality standard is anticipated.
 - Details of the steps taken or planned to reduce, eliminate, and prevent reoccurrence of the bypass.

- b. For probable construction bypasses, the Permittee must notify Ecology of the need to bypass as early in the planning process as possible. The Permittee must consider the analysis required above during preparation of the engineering report or facilities plan and plans and specifications and must include these to the extent practical. In cases where the Permittee determines the probable need to bypass early, the Permittee must continue to analyze conditions up to and including the construction period in an effort to minimize or eliminate the bypass.
- c. Ecology will consider the following prior to issuing an administrative order for this type of bypass:
 - If the bypass is necessary to perform construction or maintenance-related activities essential to meet the requirements of this permit.
 - If feasible alternatives to bypass exist, such as the use of auxiliary treatment facilities, retention of untreated wastes, stopping production, maintenance during normal periods of equipment down time, or transport of untreated wastes to another treatment facility.
 - If the Permittee planned and scheduled the bypass to minimize adverse effects on the public and the environment.

After consideration of the above and the adverse effects of the proposed bypass and any other relevant factors, Ecology will approve or deny the request. Ecology will give the public an opportunity to comment on bypass incidents of significant duration, to the extent feasible. Ecology will approve a request to bypass by issuing an administrative order under RCW 90.48.120.

S5.G. Operations and maintenance (O&M) manual

a. O&M manual requirements

The Permittee must:

1. Update the Operations and Maintenance (O&M) Manual to meet the requirements of 173-240-150 WAC and submit it to Ecology for approval by July 31, 2014. The Permittee must submit a paper copy and an electronic copy (preferably as a PDF).
2. Submit to Ecology for review substantial changes or updates to the O&M Manual whenever it incorporates them into the manual. The Permittee must submit a paper copy and an electronic copy (preferably as a PDF).
3. Keep the approved O&M Manual at the permitted facility.
4. Follow the instructions and procedures of this manual.

b. O&M manual components

In addition to the requirements of WAC 173-240-080 (1) through (5), the O&M Manual must include:

1. Emergency procedures for cleanup in the event of wastewater system upset or failure.
2. A review of system components which if failed could pollute surface water or could impact human health. Provide a procedure for a routine schedule of checking the function of these components.
3. Wastewater system maintenance procedures that contribute to the generation of process wastewater.
4. Reporting protocols for submitting reports to Ecology to comply with the reporting requirements in the discharge permit.
5. Any directions to maintenance staff when cleaning or maintaining other equipment or performing other tasks which are necessary to protect the operation of the wastewater system (for example, defining maximum allowable discharge rate for draining a tank, blocking all floor drains before beginning the overhaul of a stationary engine).
6. The treatment plant process control monitoring schedule.
7. Minimum staffing and certification levels adequate to operate and maintain the treatment processes and carry out compliance monitoring required by the permit.

S6. Pretreatment

S6.A. General requirements

The Permittee must work with Ecology to ensure that all commercial and industrial users of the publicly owned treatment works (POTW) comply with the pretreatment regulations in 40 CFR Part 403 and any additional regulations that the Environmental Protection Agency (U.S. EPA) may promulgate under Section 307(b) (pretreatment) and 308 (reporting) of the Federal Clean Water Act.

S6.B. Duty to enforce discharge prohibitions

1. Under federal regulations (40 CFR 403.5(a) and (b)), the Permittee must not authorize or knowingly allow the discharge of any pollutants into its POTW which may be reasonably expected to cause pass through or interference, or which otherwise violate general or specific discharge prohibitions contained in 40 CFR Part 403.5 or WAC-173-216-060.
2. The Permittee must not authorize or knowingly allow the introduction of any of the following into their treatment works:
 - a. Pollutants which create a fire or explosion hazard in the POTW (including, but not limited to waste streams with a closed cup flashpoint of less than 140 degrees Fahrenheit or 60 degrees Centigrade using the test methods specified in 40 CFR 261.21).

- b. Pollutants which will cause corrosive structural damage to the POTW, but in no case discharges with pH lower than 5.0, or greater than 11.0 standard units, unless the works are specifically designed to accommodate such discharges.
 - c. Solid or viscous pollutants in amounts that could cause obstruction to the flow in sewers or otherwise interfere with the operation of the POTW.
 - d. Any pollutant, including oxygen-demanding pollutants, (BOD₅, etc.) released in a discharge at a flow rate and/or pollutant concentration which will cause interference with the POTW.
 - e. Petroleum oil, non-biodegradable cutting oil, or products of mineral origin in amounts that will cause interference or pass through.
 - f. Pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW in a quantity which may cause acute worker health and safety problems.
 - g. Heat in amounts that will inhibit biological activity in the POTW resulting in interference but in no case heat in such quantities such that the temperature at the POTW headworks exceeds 40 degrees Centigrade (104 degrees Fahrenheit) unless Ecology, upon request of the Permittee, approves, in writing, alternate temperature limits.
 - h. Any trucked or hauled pollutants, except at discharge points designated by the Permittee.
 - i. Wastewaters prohibited to be discharged to the POTW by the Dangerous Waste Regulations (chapter 173-303 WAC), unless authorized under the Domestic Sewage Exclusion (WAC 173-303-071).
3. The Permittee must also not allow the following discharges to the POTW unless approved in writing by Ecology:
 - a. Noncontact cooling water in significant volumes.
 - b. Stormwater and other direct inflow sources.
 - c. Wastewaters significantly affecting system hydraulic loading, which do not require treatment, or would not be afforded a significant degree of treatment by the system.
 4. The Permittee must notify Ecology if any industrial user violates the prohibitions listed in this section (S6.B), and initiate enforcement action to promptly curtail any such discharge.

S6.C. Wastewater discharge permit required

The Permittee must

1. Establish a process for authorizing non-domestic wastewater discharges that ensures all SIUs in all tributary areas meet the applicable state waste discharge permit (SWDP) requirements in accordance with chapter 90.48 RCW and chapter 173-216 WAC.

2. Immediately notify Ecology of any proposed discharge of wastewater from a source, which may be a significant industrial user (SIU) [see fact sheet definitions or refer to 40 CFR 403.3(t)(i)(ii)].
3. Require all SIUs to obtain a SWDP from Ecology prior to accepting their non-domestic wastewater, or require proof that Ecology has determined they do not require a permit.
4. Require the documentation as described in S6.C.3 at the earliest practicable date as a condition of continuing to accept non-domestic wastewater discharges from a previously undiscovered, currently discharging and unpermitted SIU.
5. Require sources of non-domestic wastewater, which do not qualify as SIUs but merit a degree of oversight, to apply for a SWDP and provide it a copy of the application and any Ecology responses.
6. Keep all records documenting that its users have met the requirements of S6.C.

S6.D. Identification and reporting of existing, new, and proposed industrial users

1. The Permittee must take continuous, routine measures to identify all existing, new, and proposed SIUs and potential significant industrial users (PSIUs) discharging or proposing to discharge to the Permittee's sewer system (see Appendix C of the fact sheet for definitions).
2. Within 30 days of becoming aware of an unpermitted existing, new, or proposed industrial user who may be a significant industrial user (SIU), the Permittee must notify such user by registered mail that, if classified as an SIU, they must apply to Ecology and obtain a State Waste Discharge Permit. The Permittee must send a copy of this notification letter to Ecology within this same 30-day period.
3. The Permittee must also notify all Potential SIUs (PSIUs), as they are identified, that if their classification should change to an SIU, they must apply to Ecology for a State Waste Discharge Permit within 30 days of such change.

S6.E. Industrial user survey

The Permittee must complete an industrial user survey listing all SIUs and potential significant industrial users (PSIUs) discharging to the POTW. The Permittee must submit the survey to Ecology by December 31, 2017. At a minimum, the Permittee must develop the list of SIUs and PSIUs by means of a telephone book search, a water utility billing records search, and a physical reconnaissance of the service area. Information on PSIUs must include, at a minimum, the business name, telephone number, address, description of the industrial process(s), and the known wastewater volumes and characteristics.

S7. Solid wastes

The Permittee must handle and dispose of all solid waste material in such a manner as to prevent its entry into state ground or surface water.

S8. Acute toxicity

S8.A. Testing when there is no permit limit for acute toxicity

The Permittee must:

1. Conduct acute toxicity testing on final effluent during August 2016 and February 2017.
2. Submit the results to Ecology by October 31, 2016 and April 30, 2017.
3. Conduct acute toxicity testing on a series of at least five concentrations of effluent, including 100% effluent and a control.
4. Use each of the following species and protocols for each acute toxicity test:

Acute Toxicity Tests	Species	Method
Fathead minnow 96-hour static-renewal test	<i>Pimephales promelas</i>	EPA-821-R-02-012
Daphnid 48-hour static test	<i>Ceriodaphnia dubia</i> , <i>Daphnia pulex</i> , or <i>Daphnia magna</i>	EPA-821-R-02-012

S8.B. Sampling and reporting requirements

1. The Permittee must submit all reports for toxicity testing in accordance with the most recent version of Ecology Publication No. WQ-R-95-80, *Laboratory Guidance and Whole Effluent Toxicity Test Review Criteria*. Reports must contain bench sheets and reference toxicant results for test methods. If the lab provides the toxicity test data in electronic format for entry into Ecology’s database, then the Permittee must send the data to Ecology along with the test report, bench sheets, and reference toxicant results.
2. The Permittee must collect 24-hour composite effluent samples for toxicity testing. The Permittee must cool the samples to 0 - 6 degrees Celsius during collection and send them to the lab immediately upon completion. The lab must begin the toxicity testing as soon as possible but no later than 36 hours after sampling was completed.
3. The laboratory must conduct water quality measurements on all samples and test solutions for toxicity testing, as specified in the most recent version of Ecology Publication No. WQ-R-95-80, *Laboratory Guidance and Whole Effluent Toxicity Test Review Criteria*.
4. All toxicity tests must meet quality assurance criteria and test conditions specified in the most recent versions of the EPA methods listed in Subsection A and the Ecology Publication No. WQ-R-95-80, *Laboratory Guidance and Whole Effluent Toxicity Test Review Criteria*. If Ecology determines any test results to be invalid or anomalous, the Permittee must repeat the testing with freshly collected effluent.
5. The laboratory must use control water and dilution water meeting the requirements of the EPA methods listed in Section A or pristine natural water of sufficient quality for good control performance.

6. The Permittee must conduct whole effluent toxicity tests on an unmodified sample of final effluent.
7. The Permittee may choose to conduct a full dilution series test during compliance testing in order to determine dose response. In this case, the series must have a minimum of five effluent concentrations and a control. The series of concentrations must include the acute critical effluent concentration (ACEC). The ACEC equals 36% effluent.
8. All whole effluent toxicity tests, effluent screening tests, and rapid screening tests that involve hypothesis testing must comply with the acute statistical power standard of 29% as defined in WAC 173-205-020. If the test does not meet the power standard, the Permittee must repeat the test on a fresh sample with an increased number of replicates to increase the power.

S9. Chronic toxicity

S.A. Testing when there is no permit limit for chronic toxicity

The Permittee must:

1. Conduct chronic toxicity testing on final effluent during November 2016 and May 2017.
2. Submit the results to Ecology by January 31, 2017 and July 31, 2017.
3. Conduct chronic toxicity testing on a series of at least five concentrations of effluent and a control. This series of dilutions must include the acute critical effluent concentration (ACEC). The ACEC equals 36% effluent. The series of dilutions should also contain the CCEC of 6.8% effluent.
4. Compare the ACEC to the control using hypothesis testing at the 0.05 level of significance as described in Appendix H, EPA/600/4-89/001.
5. Perform chronic toxicity tests with all of the following species and the most recent version of the following protocols:

Freshwater Chronic Test	Species	Method
Fathead minnow survival and growth	<i>Pimephales promelas</i>	EPA-821-R-02-013
Daphnid survival and reproduction	<i>Ceriodaphnia dubia</i>	EPA-821-R-02-013

S.B. Sampling and reporting requirements

1. The Permittee must submit all reports for toxicity testing in accordance with the most recent version of Ecology Publication No. WQ-R-95-80, *Laboratory Guidance and Whole Effluent Toxicity Test Review Criteria*. Reports must contain bench sheets and reference toxicant results for test methods. If the lab provides the toxicity test data in electronic format for entry into Ecology's database, then the Permittee must send the data to Ecology along with the test report, bench sheets, and reference toxicant results.
2. The Permittee must collect 24-hour composite effluent samples for toxicity testing. The Permittee must cool the samples to 0 - 6 degrees Celsius during

collection and send them to the lab immediately upon completion. The lab must begin the toxicity testing as soon as possible but no later than 36 hours after sampling was completed.

3. The laboratory must conduct water quality measurements on all samples and test solutions for toxicity testing, as specified in the most recent version of Ecology Publication No. WQ-R-95-80, *Laboratory Guidance and Whole Effluent Toxicity Test Review Criteria*.
4. All toxicity tests must meet quality assurance criteria and test conditions specified in the most recent versions of the EPA methods listed in Section A. and the Ecology Publication no. WQ-R-95-80, *Laboratory Guidance and Whole Effluent Toxicity Test Review Criteria*. If Ecology determines any test results to be invalid or anomalous, the Permittee must repeat the testing with freshly collected effluent.
5. The laboratory must use control water and dilution water meeting the requirements of the EPA methods listed in Subsection A. or pristine natural water of sufficient quality for good control performance.
6. The Permittee must conduct whole effluent toxicity tests on an unmodified sample of final effluent.
7. The Permittee may choose to conduct a full dilution series test during compliance testing in order to determine dose response. In this case, the series must have a minimum of five effluent concentrations and a control. The series of concentrations must include the CCEC and the ACEC. The CCEC and the ACEC may either substitute for the effluent concentrations that are closest to them in the dilution series or be extra effluent concentrations. The CCEC equals 6.8% effluent. The ACEC equals 36% effluent.
8. All whole effluent toxicity tests that involve hypothesis testing must comply with the chronic statistical power standard of 39% as defined in WAC 173-205-020. If the test does not meet the power standard, the Permittee must repeat the test on a fresh sample with an increased number of replicates to increase the power.

S10. Temperature reduction study

The Permittee must prepare a study of potential management methods (Best Management Practices, BMPs) and equipment that may be used to reduce the temperature of the effluent or remove it from the river (outfall relocation, water re-use) during the critical period (June through September). The study must include identification of alternatives and associated costs. The Permittee must:

1. Submit a scope of work for the study to Ecology by July 31, 2014.
2. Submit the completed temperature reduction study to Ecology by July 31, 2015.
3. Implement any best management practices and initiate low-cost technology (such as tree planting or shading) identified by the temperature reduction study by July 31, 2016.

4. Submit a letter to Ecology by July 31, 2016, summarizing the BMPs and/or technologies implemented. This letter must also include a schedule for design and construction of any longer-term projects identified by the temperature reduction study.

S11. Outfall evaluation

The Permittee must inspect the submerged portion of the outfall line and diffuser to document its integrity and continued function. If conditions allow for a photographic verification, the Permittee must include such verification in the report. If damage is found, the report must include a plan for completing repairs. The Permittee must submit the inspection report to Ecology by October 31, 2014.

The inspector must at minimum:

- Assess the physical condition of the outfall pipe, diffuser, and associated couplings.
- Describe the effluent and river flow patterns and gravel bar accumulation in the vicinity of the diffuser.
- Ensure diffuser ports are free of obstructions and are allowing uniform flow.
- Confirm physical location (latitude/longitude) of the diffuser section of the outfall.

S12. Application for permit renewal or modification for facility changes

The Permittee must submit an application for renewal of this permit by December 31, 2017. The Permittee must submit a paper copy and an electronic copy (preferably as a PDF).

The Permittee must also submit a new application or supplement at least one hundred eighty (180) days prior to commencement of discharges, resulting from the activities listed below, which may result in permit violations. These activities include any facility expansions, production increases, or other planned changes, such as process modifications, in the permitted facility.

GENERAL CONDITIONS

G1. Signatory requirements

1. All applications, reports, or information submitted to Ecology must be signed and certified:
 - a. In the case of corporations, by a responsible corporate officer. For the purpose of this section, a responsible corporate officer means:
 - A president, secretary, treasurer, or vice-president of the corporation in charge of a principal business function, or any other person who performs similar policy or decision making functions for the corporation, or
 - The manager of one or more manufacturing, production, or operating facilities, provided, the manager is authorized to make management decisions which govern the operation of the regulated facility including having the explicit or implicit duty of making major capital investment recommendations, and initiating and directing other comprehensive measures to assure long-term environmental compliance with environmental laws and regulations; the manager can ensure that the necessary systems are established or actions taken to gather complete and accurate information for permit application requirements; and where authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures.
 - b. In the case of a partnership, by a general partner.
 - c. In the case of sole proprietorship, by the proprietor.
 - d. In the case of a municipal, state, or other public facility, by either a principal executive officer or ranking elected official.

Applications for permits for domestic wastewater facilities that are either owned or operated by, or under contract to, a public entity shall be submitted by the public entity.

2. All reports required by this permit and other information requested by Ecology must be signed by a person described above or by a duly authorized representative of that person. A person is a duly authorized representative only if:
 - a. The authorization is made in writing by a person described above and submitted to Ecology.
 - b. The authorization specifies either an individual or a position having responsibility for the overall operation of the regulated facility, such as the position of plant manager, superintendent, position of equivalent responsibility, or an individual or position having overall responsibility for environmental matters. (A duly authorized representative may thus be either a named individual or any individual occupying a named position.)
3. Changes to authorization. If an authorization under paragraph 2.b, above, is no longer accurate because a different individual or position has responsibility for the overall operation of the facility, a new authorization satisfying the requirements of paragraph 2.b,

above, must be submitted to Ecology prior to or together with any reports, information, or applications to be signed by an authorized representative

4. Certification. Any person signing a document under this section must make the following certification:

“I certify under penalty of law, that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of the person or persons who manage the system or those persons directly responsible for gathering information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.”

G2. Right of inspection and entry

The Permittee must allow an authorized representative of Ecology, upon the presentation of credentials and such other documents as may be required by law:

1. To enter upon the premises where a discharge is located or where any records must be kept under the terms and conditions of this permit.
2. To have access to and copy, at reasonable times and at reasonable cost, any records required to be kept under the terms and conditions of this permit.
3. To inspect, at reasonable times, any facilities, equipment (including monitoring and control equipment), practices, methods, or operations regulated or required under this permit.
4. To sample or monitor, at reasonable times, any substances or parameters at any location for purposes of assuring permit compliance or as otherwise authorized by the Clean Water Act.

G3. Permit actions

This permit may be modified, revoked and reissued, or terminated either at the request of any interested person (including the Permittee) or upon Ecology’s initiative. However, the permit may only be modified, revoked and reissued, or terminated for the reasons specified in 40 CFR 122.62, 40 CFR 122.64 or WAC 173-220-150 according to the procedures of 40 CFR 124.5.

1. The following are causes for terminating this permit during its term, or for denying a permit renewal application:
 - a. Violation of any permit term or condition.
 - b. Obtaining a permit by misrepresentation or failure to disclose all relevant facts.
 - c. A material change in quantity or type of waste disposal.

- d. A determination that the permitted activity endangers human health or the environment, or contributes to water quality standards violations and can only be regulated to acceptable levels by permit modification or termination.
 - e. A change in any condition that requires either a temporary or permanent reduction, or elimination of any discharge or sludge use or disposal practice controlled by the permit.
 - f. Nonpayment of fees assessed pursuant to RCW 90.48.465.
 - g. Failure or refusal of the Permittee to allow entry as required in RCW 90.48.090.
2. The following are causes for modification but not revocation and reissuance except when the Permittee requests or agrees:
- a. A material change in the condition of the waters of the state.
 - b. New information not available at the time of permit issuance that would have justified the application of different permit conditions.
 - c. Material and substantial alterations or additions to the permitted facility or activities which occurred after this permit issuance.
 - d. Promulgation of new or amended standards or regulations having a direct bearing upon permit conditions, or requiring permit revision.
 - e. The Permittee has requested a modification based on other rationale meeting the criteria of 40 CFR Part 122.62.
 - f. Ecology has determined that good cause exists for modification of a compliance schedule, and the modification will not violate statutory deadlines.
 - g. Incorporation of an approved local pretreatment program into a municipality's permit.
3. The following are causes for modification or alternatively revocation and reissuance:
- a. When cause exists for termination for reasons listed in 1.a through 1.g of this section, and Ecology determines that modification or revocation and reissuance is appropriate.
 - b. When Ecology has received notification of a proposed transfer of the permit. A permit may also be modified to reflect a transfer after the effective date of an automatic transfer (General Condition G7) but will not be revoked and reissued after the effective date of the transfer except upon the request of the new Permittee.

G4. Reporting planned changes

The Permittee must, as soon as possible, but no later than sixty (60) days prior to the proposed changes, give notice to Ecology of planned physical alterations or additions to the permitted facility, production increases, or process modification which will result in:

1. The permitted facility being determined to be a new source pursuant to 40 CFR 122.29(b)
2. A significant change in the nature or an increase in quantity of pollutants discharged.
3. A significant change in the Permittee's sludge use or disposal practices. Following such notice, and the submittal of a new application or supplement to the existing application, along with required engineering plans and reports, this permit may be modified, or revoked and reissued pursuant to 40 CFR 122.62(a) to specify and limit any pollutants not previously limited. Until such modification is effective, any new or increased discharge in excess of permit limits or not specifically authorized by this permit constitutes a violation.

G5. Plan review required

Prior to constructing or modifying any wastewater control facilities, an engineering report and detailed plans and specifications must be submitted to Ecology for approval in accordance with chapter 173-240 WAC. Engineering reports, plans, and specifications must be submitted at least one hundred eighty (180) days prior to the planned start of construction unless a shorter time is approved by Ecology. Facilities must be constructed and operated in accordance with the approved plans.

G6. Compliance with other laws and statutes

Nothing in this permit excuses the Permittee from compliance with any applicable federal, state, or local statutes, ordinances, or regulations.

G7. Transfer of this permit

In the event of any change in control or ownership of facilities from which the authorized discharge emanate, the Permittee must notify the succeeding owner or controller of the existence of this permit by letter, a copy of which must be forwarded to Ecology.

1. Transfers by Modification

Except as provided in paragraph (B) below, this permit may be transferred by the Permittee to a new owner or operator only if this permit has been modified or revoked and reissued under 40 CFR 122.62(b)(2), or a minor modification made under 40 CFR 122.63(d), to identify the new Permittee and incorporate such other requirements as may be necessary under the Clean Water Act.

2. Automatic Transfers

This permit may be automatically transferred to a new Permittee if:

- a. The Permittee notifies Ecology at least thirty (30) days in advance of the proposed transfer date.
- b. The notice includes a written agreement between the existing and new Permittees containing a specific date transfer of permit responsibility, coverage, and liability between them.

- c. Ecology does not notify the existing Permittee and the proposed new Permittee of its intent to modify or revoke and reissue this permit. A modification under this subparagraph may also be minor modification under 40 CFR 122.63. If this notice is not received, the transfer is effective on the date specified in the written agreement.

G8. Reduced production for compliance

The Permittee, in order to maintain compliance with its permit, must control production and/or all discharges upon reduction, loss, failure, or bypass of the treatment facility until the facility is restored or an alternative method of treatment is provided. This requirement applies in the situation where, among other things, the primary source of power of the treatment facility is reduced, lost, or fails.

G9. Removed substances

Collected screenings, grit, solids, sludges, filter backwash, or other pollutants removed in the course of treatment or control of wastewaters must not be resuspended or reintroduced to the final effluent stream for discharge to state waters.

G10. Duty to provide information

The Permittee must submit to Ecology, within a reasonable time, all information which Ecology may request to determine whether cause exists for modifying, revoking and reissuing, or terminating this permit or to determine compliance with this permit. The Permittee must also submit to Ecology upon request, copies of records required to be kept by this permit.

G11. Other requirements of 40 CFR

All other requirements of 40 CFR 122.41 and 122.42 are incorporated in this permit by reference.

G12. Additional monitoring

Ecology may establish specific monitoring requirements in addition to those contained in this permit by administrative order or permit modification.

G13. Payment of fees

The Permittee must submit payment of fees associated with this permit as assessed by Ecology.

G14. Penalties for violating permit conditions

Any person who is found guilty of willfully violating the terms and conditions of this permit is deemed guilty of a crime, and upon conviction thereof must be punished by a fine of up to ten thousand dollars (\$10,000) and costs of prosecution, or by imprisonment in the discretion of the court. Each day upon which a willful violation occurs may be deemed a separate and additional violation.

Any person who violates the terms and conditions of a waste discharge permit may incur, in addition to any other penalty as provided by law, a civil penalty in the amount of up to ten thousand dollars (\$10,000) for every such violation. Each and every such violation is a separate and distinct offense, and in case of a continuing violation, every day's continuance is deemed to be a separate and distinct violation.

G15. Upset

Definition – “Upset” means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limits because of factors beyond the reasonable control of the Permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance, or careless or improper operation.

An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limits if the requirements of the following paragraph are met.

A Permittee who wishes to establish the affirmative defense of upset must demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:

1. An upset occurred and that the Permittee can identify the cause(s) of the upset.
2. The permitted facility was being properly operated at the time of the upset.
3. The Permittee submitted notice of the upset as required in Condition S3.E.
4. The Permittee complied with any remedial measures required under S4.C of this permit.

In any enforcement action the Permittee seeking to establish the occurrence of an upset has the burden of proof.

G16. Property rights

This permit does not convey any property rights of any sort, or any exclusive privilege.

G17. Duty to comply

The Permittee must comply with all conditions of this permit. Any permit noncompliance constitutes a violation of the Clean Water Act and is grounds for enforcement action; for permit termination, revocation and reissuance, or modification; or denial of a permit renewal application.

G18. Toxic pollutants

The Permittee must comply with effluent standards or prohibitions established under Section 307(a) of the Clean Water Act for toxic pollutants within the time provided in the regulations that establish those standards or prohibitions, even if this permit has not yet been modified to incorporate the requirement.

G19. Penalties for tampering

The Clean Water Act provides that any person who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit must, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than two (2) years per violation, or by both. If a conviction of a person is for a violation committed after a first conviction of such person under this condition, punishment must be a fine of not more than \$20,000 per day of violation, or by imprisonment of not more than four (4) years, or by both.

G20. Compliance schedules

Reports of compliance or noncompliance with, or any progress reports on, interim and final requirements contained in any compliance schedule of this permit must be submitted no later than fourteen (14) days following each schedule date.

G21. Contract review

The Permittee must submit to Ecology any proposed contract for the operation of any wastewater treatment facility covered by this permit. The review is to ensure consistency with chapters 90.46 and 90.48 RCW. In the event that Ecology does not comment within a thirty (30)-day period, the Permittee may assume consistency and proceed with the contract.

Appendix A

**LIST OF POLLUTANTS WITH ANALYTICAL METHODS,
DETECTION LIMITS AND QUANTITATION LEVELS**

The Permittee must use the specified analytical methods, detection limits (DLs) and quantitation levels (QLs) in the following table for permit and application required monitoring unless:

- Another permit condition specifies other methods, detection levels, or quantitation levels.
- The method used produces measurable results in the sample and EPA has listed it as an EPA-approved method in 40 CFR Part 136.

If the Permittee uses an alternative method, not specified in the permit and as allowed above, it must report the test method, DL, and QL on the discharge monitoring report or in the required report.

If the Permittee is unable to obtain the required DL and QL in its effluent due to matrix effects, the Permittee must submit a matrix-specific detection limit (MDL) and a quantitation limit (QL) to Ecology with appropriate laboratory documentation.

When the permit requires the Permittee to measure the base neutral compounds in the list of priority pollutants, it must measure all of the base neutral pollutants listed in the table below. The list includes EPA required base neutral priority pollutants and several additional polynuclear aromatic hydrocarbons (PAHs). The Water Quality Program added several PAHs to the list of base neutrals below from Ecology’s Persistent Bioaccumulative Toxics (PBT) List. It only added those PBT parameters of interest to Appendix A that did not increase the overall cost of analysis unreasonably.

Ecology added this appendix to the permit in order to reduce the number of analytical “non-detects” in permit-required monitoring and to measure effluent concentrations near or below criteria values where possible at a reasonable cost.

CONVENTIONAL PARAMETERS

Pollutant & CAS No. (if available)	Recommended Analytical Protocol	Detection (DL)¹ µg/L unless specified	Quantitation Level (QL)² µg/L unless specified
Biochemical Oxygen Demand	SM5210-B		2 mg/L
Chemical Oxygen Demand	SM5220-D		10 mg/L
Total Organic Carbon	SM5310-B/C/D		1 mg/L
Total Suspended Solids	SM2540-D		5 mg/L
Total Ammonia (as N)	SM4500-NH3-B and C/D/E/G/H		20
Flow	Calibrated device		
Dissolved oxygen	SM4500-OC/OG		0.2 mg/L
Temperature (max. 7-day avg.)	Analog recorder or Use micro- recording devices known as thermistors		0.2° C
pH	SM4500-H ⁺ B	N/A	N/A

NONCONVENTIONAL PARAMETERS

Pollutant & CAS No. (if available)	Recommended Analytical Protocol	Detection (DL)¹ µg/L unless specified	Quantitation Level (QL)² µg/L unless specified
Total Alkalinity	SM2320-B		5 mg/L as CaCO ₃
Chlorine, Total Residual	SM4500 Cl G		50.0
Color	SM2120 B/C/E		10 color units
Fecal Coliform	SM 9221E, 9222	N/A	Specified in method - sample aliquot dependent
Fluoride (16984-48-8)	SM4500-F E	25	100
Nitrate + Nitrite Nitrogen (as N)	SM4500-NO ₃ - E/F/H		100
Nitrogen, Total Kjeldahl (as N)	SM4500-N _{org} B/C and SM4500NH ₃ - B/C/D/EF/G/H		300
Soluble Reactive Phosphorus (as P)	SM4500- PE/PF	3	10
Phosphorus, Total (as P)	SM 4500 PB followed by SM4500-PE/PF	3	10
Oil and Grease (HEM)	1664 A or B	1,400	5,000
Salinity	SM2520-B		3 practical salinity units or scale (PSU or PSS)
Settleable Solids	SM2540 -F		100
Sulfate (as mg/L SO ₄)	SM4110-B		200
Sulfide (as mg/L S)	SM4500-S ² F/D/E/G		200
Sulfite (as mg/L SO ₃)	SM4500-SO ₃ B		2000
Total Coliform	SM 9221B, 9222B, 9223B	N/A	Specified in method - sample aliquot dependent
Total dissolved solids	SM2540 C		20 mg/L
Total Hardness	SM2340B		200 as CaCO ₃
Aluminum, Total (7429-90-5)	200.8	2.0	10
Barium Total (7440-39-3)	200.8	0.5	2.0
BTEX (benzene +toluene + ethylbenzene + m,o,p xylenes)	EPA SW 846 8021/8260	1	2
Boron Total (7440-42-8)	200.8	2.0	10.0
Cobalt, Total (7440-48-4)	200.8	0.05	0.25
Iron, Total (7439-89-6)	200.7	12.5	50
Magnesium, Total (7439-95-4)	200.7	10	50
Molybdenum, Total (7439-98-7)	200.8	0.1	0.5
Manganese, Total (7439-96-5)	200.8	0.1	0.5
NWTPH Dx	Ecology NWTPH Dx	250	250
NWTPH Gx	Ecology NWTPH Gx	250	250
Tin, Total (7440-31-5)	200.8	0.3	1.5
Titanium, Total (7440-32-6)	200.8	0.5	2.5

PRIORITY POLLUTANTS

Pollutant & CAS No. (if available)	Recommended Analytical Protocol	Detection (DL)¹ µg/L unless specified	Quantitation Level (QL)² µg/L unless specified
METALS, CYANIDE & TOTAL PHENOLS			
Antimony, Total (7440-36-0)	200.8	0.3	1.0
Arsenic, Total (7440-38-2)	200.8	0.1	0.5
Beryllium, Total (7440-41-7)	200.8	0.1	0.5
Cadmium, Total (7440-43-9)	200.8	0.05	0.25
Chromium (hex) dissolved (18540-29-9)	SM3500-Cr EC	0.3	1.2
Chromium, Total (7440-47-3)	200.8	0.2	1.0
Copper, Total (7440-50-8)	200.8	0.4	2.0
Lead, Total (7439-92-1)	200.8	0.1	0.5
Mercury, Total (7439-97-6)	1631E	0.0002	0.0005
Nickel, Total (7440-02-0)	200.8	0.1	0.5
Selenium, Total (7782-49-2)	200.8	1.0	1.0
Silver, Total (7440-22-4)	200.8	0.04	0.2
Thallium, Total (7440-28-0)	200.8	0.09	0.36
Zinc, Total (7440-66-6)	200.8	0.5	2.5
Cyanide, Total (57-12-5)	335.4	5	10
Cyanide, Weak Acid Dissociable	SM4500-CN I	5	10
Cyanide, Free Amenable to Chlorination (Available Cyanide)	SM4500-CN G	5	10
Phenols, Total	EPA 420.1		50

Pollutant & CAS No. (if available)	Recommended Analytical Protocol	Detection (DL)¹ µg/L unless specified	Quantitation Level (QL)² µg/L unless specified
ACID COMPOUNDS			
2-Chlorophenol (95-57-8)	625	1.0	2.0
2,4-Dichlorophenol (120-83-2)	625	0.5	1.0
2,4-Dimethylphenol (105-67-9)	625	0.5	1.0
4,6-dinitro-o-cresol (534-52-1) (2-methyl-4,6,-dinitrophenol)	625/1625B	1.0	2.0
2,4 dinitrophenol (51-28-5)	625	1.0	2.0
2-Nitrophenol (88-75-5)	625	0.5	1.0
4-nitrophenol (100-02-7)	625	0.5	1.0
Parachlorometa cresol (59-50-7) (4-chloro-3-methylphenol)	625	1.0	2.0
Pentachlorophenol (87-86-5)	625	0.5	1.0
Phenol (108-95-2)	625	2.0	4.0
2,4,6-Trichlorophenol (88-06-2)	625	2.0	4.0

PRIORITY POLLUTANTS (continued)

Pollutant & CAS No. (if available)	Recommended Analytical Protocol	Detection (DL)¹ µg/L unless specified	Quantitation Level (QL)² µg/L unless specified
VOLATILE COMPOUNDS			
Acrolein (107-02-8)	624	5	10
Acrylonitrile (107-13-1)	624	1.0	2.0
Benzene (71-43-2)	624	1.0	2.0
Bromoform (75-25-2)	624	1.0	2.0
Carbon tetrachloride (56-23-5)	624/601 or SM6230B	1.0	2.0
Chlorobenzene (108-90-7)	624	1.0	2.0
Chloroethane (75-00-3)	624/601	1.0	2.0
2-Chloroethylvinyl Ether (110-75-8)	624	1.0	2.0
Chloroform (67-66-3)	624 or SM6210B	1.0	2.0
Dibromochloromethane (124-48-1)	624	1.0	2.0
1,2-Dichlorobenzene (95-50-1)	624	1.9	7.6
1,3-Dichlorobenzene (541-73-1)	624	1.9	7.6
1,4-Dichlorobenzene (106-46-7)	624	4.4	17.6
Dichlorobromomethane (75-27-4)	624	1.0	2.0
1,1-Dichloroethane (75-34-3)	624	1.0	2.0
1,2-Dichloroethane (107-06-2)	624	1.0	2.0
1,1-Dichloroethylene (75-35-4)	624	1.0	2.0
1,2-Dichloropropane (78-87-5)	624	1.0	2.0
1,3-dichloropropene (mixed isomers) (1,2-dichloropropylene) (542-75- 6) ³	624	1.0	2.0
Ethylbenzene (100-41-4)	624	1.0	2.0
Methyl bromide (74-83-9) (Bromomethane)	624/601	5.0	10.0
Methyl chloride (74-87-3) (Chloromethane)	624	1.0	2.0
Methylene chloride (75-09-2)	624	5.0	10.0
1,1,2,2-Tetrachloroethane (79-34-5)	624	1.9	2.0
Tetrachloroethylene (127-18-4)	624	1.0	2.0
Toluene (108-88-3)	624	1.0	2.0
1,2-Trans-Dichloroethylene (156-60-5) (Ethylene dichloride)	624	1.0	2.0
1,1,1-Trichloroethane (71-55-6)	624	1.0	2.0
1,1,2-Trichloroethane (79-00-5)	624	1.0	2.0
Trichloroethylene (79-01-6)	624	1.0	2.0
Vinyl chloride (75-01-4)	624/SM6200B	1.0	2.0

PRIORITY POLLUTANTS (continued)

Pollutant & CAS No. (if available)	Recommended Analytical Protocol	Detection (DL)¹ µg/L unless specified	Quantitation Level (QL)² µg/L unless specified
BASE/NEUTRAL COMPOUNDS (compounds in bold are Ecology PBTs)			
Acenaphthene (83-32-9)	625	0.2	0.4
Acenaphthylene (208-96-8)	625	0.3	0.6
Anthracene (120-12-7)	625	0.3	0.6
Benzdine (92-87-5)	625	12	24
Benzyl butyl phthalate (85-68-7)	625	0.3	0.6
Benzo(a)anthracene (56-55-3)	625	0.3	0.6
Benzo(b)fluoranthene (3,4-benzofluoranthene) (205-99-2) ⁴	610/625	0.8	1.6
Benzo(j)fluoranthene (205-82-3) ⁴	625	0.5	1.0
Benzo(k)fluoranthene (11,12-benzofluoranthene) (207-08-9) ⁴	610/625	0.8	1.6
Benzo(r,s,t)pentaphene (189-55-9)	625	0.5	1.0
Benzo(a)pyrene (50-32-8)	610/625	0.5	1.0
Benzo(ghi)Perylene (191-24-2)	610/625	0.5	1.0
Bis(2-chloroethoxy)methane (111-91-1)	625	5.3	21.2
Bis(2-chloroethyl)ether (111-44-4)	611/625	0.3	1.0
Bis(2-chloroisopropyl)ether (39638-32-9)	625	0.3	0.6
Bis(2-ethylhexyl)phthalate (117-81-7)	625	0.1	0.5
4-Bromophenyl phenyl ether (101-55-3)	625	0.2	0.4
2-Chloronaphthalene (91-58-7)	625	0.3	0.6
4-Chlorophenyl phenyl ether (7005-72-3)	625	0.3	0.5
Chrysene (218-01-9)	610/625	0.3	0.6
Dibenzo (a,h)acridine (226-36-8)	610M/625M	2.5	10.0
Dibenzo (a,j)acridine (224-42-0)	610M/625M	2.5	10.0
Dibenzo(a-h)anthracene (53-70-3)(1,2,5,6-dibenzanthracene)	625	0.8	1.6
Dibenzo(a,e)pyrene (192-65-4)	610M/625M	2.5	10.0
Dibenzo(a,h)pyrene (189-64-0)	625M	2.5	10.0
3,3-Dichlorobenzidine (91-94-1)	605/625	0.5	1.0
Diethyl phthalate (84-66-2)	625	1.9	7.6
Dimethyl phthalate (131-11-3)	625	1.6	6.4
Di-n-butyl phthalate (84-74-2)	625	0.5	1.0
2,4-dinitrotoluene (121-14-2)	609/625	0.2	0.4
2,6-dinitrotoluene (606-20-2)	609/625	0.2	0.4

PRIORITY POLLUTANTS (continued)

Pollutant & CAS No. (if available)	Recommended Analytical Protocol	Detection (DL)¹ µg/L unless specified	Quantitation Level (QL)² µg/L unless specified
BASE/NEUTRAL COMPOUNDS (compounds in bold are Ecology PBTs)			
Di-n-octyl phthalate (117-84-0)	625	0.3	0.6
1,2-Diphenylhydrazine (as <i>Azobenzene</i>) (122-66-7)	1625B	5.0	20
Fluoranthene (206-44-0)	625	0.3	0.6
Fluorene (86-73-7)	625	0.3	0.6
Hexachlorobenzene (118-74-1)	612/625	0.3	0.6
Hexachlorobutadiene (87-68-3)	625	0.5	1.0
Hexachlorocyclopentadiene (77-47-4)	1625B/625	0.5	1.0
Hexachloroethane (67-72-1)	625	0.5	1.0
Indeno(1,2,3- <i>cd</i>)Pyrene (193-39-5)	610/625	0.5	1.0
Isophorone (78-59-1)	625	0.5	1.0
3-Methyl cholanthrene (56-49- 5)	625	2.0	8.0
Naphthalene (91-20-3)	625	0.3	0.6
Nitrobenzene (98-95-3)	625	0.5	1.0
N-Nitrosodimethylamine (62-75- 9)	607/625	2.0	4.0
N-Nitrosodi-n-propylamine (621-64-7)	607/625	0.5	1.0
N-Nitrosodiphenylamine (86-30- 6)	625	0.5	1.0
Perylene (198-55-0)	625	1.9	7.6
Phenanthrene (85-01-8)	625	0.3	0.6
Pyrene (129-00-0)	625	0.3	0.6
1,2,4-Trichlorobenzene (120-82-1)	625	0.3	0.6

Pollutant & CAS No. (if available)	Recommended Analytical Protocol	Detection (DL)¹ µg/L unless specified	Quantitation Level (QL)² µg/L unless specified
DIOXIN			
2,3,7,8-Tetra-Chlorodibenzo-P- Dioxin (176-40-16) (2,3,7,8 TCDD)	1613B	1.3 pg/L	5 pg/L

PRIORITY POLLUTANTS (continued)

Pollutant & CAS No. (if available)	Recommended Analytical Protocol	Detection (DL)¹ µg/L unless specified	Quantitation Level (QL)² µg/L unless specified
PESTICIDES/PCBs			
Aldrin (309-00-2)	608	0.025	0.05
alpha-BHC (319-84-6)	608	0.025	0.05
beta-BHC (319-85-7)	608	0.025	0.05
gamma-BHC (58-89-9)	608	0.025	0.05
delta-BHC (319-86-8)	608	0.025	0.05
Chlordane (57-74-9) ⁵	608	0.025	0.05
4,4'-DDT (50-29-3)	608	0.025	0.05
4,4'-DDE (72-55-9)	608	0.025	0.05 ¹⁰
4,4' DDD (72-54-8)	608	0.025	0.05
Dieldrin (60-57-1)	608	0.025	0.05
alpha-Endosulfan (959-98-8)	608	0.025	0.05
beta-Endosulfan (33213-65-9)	608	0.025	0.05
Endosulfan Sulfate (1031-07-8)	608	0.025	0.05
Endrin (72-20-8)	608	0.025	0.05
Endrin Aldehyde (7421-93-4)	608	0.025	0.05
Heptachlor (76-44-8)	608	0.025	0.05
Heptachlor Epoxide (1024-57-3)	608	0.025	0.05
PCB-1242 (53469-21-9) ⁶	608	0.25	0.5
PCB-1254 (11097-69-1)	608	0.25	0.5
PCB-1221 (11104-28-2)	608	0.25	0.5
PCB-1232 (11141-16-5)	608	0.25	0.5
PCB-1248 (12672-29-6)	608	0.25	0.5
PCB-1260 (11096-82-5)	608	0.13	0.5
PCB-1016 (12674-11-2) ⁶	608	0.13	0.5
Toxaphene (8001-35-2)	608	0.24	0.5

1. **Detection level (DL)** or detection limit means the minimum concentration of an analyte (substance) that can be measured and reported with a 99% confidence that the analyte concentration is greater than zero as determined by the procedure given in 40 CFR part 136, Appendix B.

Quantitation Level (QL) also known as Minimum Level of Quantitation (ML) – The lowest level at which the entire analytical system must give a recognizable signal and acceptable calibration point for the analyte. It is equivalent to the concentration of the lowest calibration standard, assuming that the lab has used all method-specified sample weights, volumes, and cleanup procedures. The QL is calculated by multiplying the MDL by 3.18 and rounding the result to the number nearest to $(1, 2, \text{ or } 5) \times 10^n$, where n is an integer. (64 FR 30417).

ALSO GIVEN AS:

The smallest detectable concentration of analyte greater than the Detection Limit (DL) where the accuracy (precision & bias) achieves the objectives of the intended purpose. (Report of the Federal Advisory Committee on Detection and Quantitation Approaches and Uses in Clean Water Act Programs Submitted to the US Environmental Protection Agency, December 2007).

2. NWTPH Dx - Northwest Total Petroleum Hydrocarbons Diesel Extended Range – see <http://www.ecy.wa.gov/biblio/97602.html>
3. NWTPH Gx - Northwest Total Petroleum Hydrocarbons Gasoline Extended Range – see <http://www.ecy.wa.gov/biblio/97602.html>
4. 1, 3-dichloroproylene (mixed isomers) You may report this parameter as two separate parameters: cis-1, 3-dichloropropene (10061-01-5) and trans-1, 3-dichloropropene (10061-02-6).
5. Total Benzofluoranthenes - Because Benzo(b)fluoranthene, Benzo(j)fluoranthene and Benzo(k)fluoranthene co-elute you may report these three isomers as total benzofluoranthenes.
6. Chlordane – You may report alpha-chlordane (5103-71-9) and gamma-chlordane (5103-74-2) in place of chlordane (57-74-9). If you report alpha and gamma-chlordane, the DL/PQLs that apply are 0.025/0.050.
PCB 1016 & PCB 1242 – You may report these two PCB compounds as one parameter called PCB 1016/1242.

RESOLUTION 1676

A RESOLUTION OF THE CITY OF NORTH BEND, WASHINGTON, AUTHORIZING ADOPTION OF PROPOSED AMENDMENTS TO THE HOUSING ELEMENT OF THE NORTH BEND COMPREHENSIVE PLAN, FOR THE 2015 COMPREHENSIVE PLAN AMENDMENTS

WHEREAS, the City is required to prepare a Comprehensive Plan under the Growth Management Act (GMA) and required to implement the plan with development regulations which are consistent with the plan per RCW 36.70A.040; and

WHEREAS, the City is required to take action to review and, if needed, revise the Comprehensive Plan and development regulations to ensure the Plan and regulations comply with the GMA on a periodic basis per RCW 36.70A.130; and

WHEREAS, on April 15, 2014 the City Council directed staff and the Planning Commission to proceed with certain amendments to the 2015 Comprehensive Plan and public participation plan with passage of Resolution No. 1647; and

WHEREAS, the Planning Commission has implemented the scope of work as directed by Resolution No. 1647 and formulated amendments as necessary to ensure the Comprehensive Plan is in compliance with the current provision of the Growth Management Act and King County Countywide Planning Policies; and

WHEREAS, the Planning Commission held a public hearing on the Housing Element on February 12, 2014, and recommended approval of the Housing Element at the February 12, 2014 meeting; and

WHEREAS, the proposed amendments were submitted to the Washington State Department of Commerce for review on February 25, 2015; and

WHEREAS, a SEPA Determination of Non-Significance will be issued for this element and all other amendments to the Comprehensive Plan prior to approval of the Ordinance adopting the 2015 Comprehensive Plan amendments;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Approval of Proposed Amendments: The City Council supports approval of the amendments to the North Bend Comprehensive Plan Housing Element hereto attached as Exhibit A.

Section 2. Authorization of Comprehensive Plan Amendments: The City Council hereby directs that the amendments described in Section 1 be included as part of a future ordinance in which all of the 2015 Comprehensive Plan amendments will be adopted collectively.

PASSED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 17TH DAY OF MARCH, 2015.

CITY OF NORTH BEND:

APPROVED AS TO FORM:


Kenneth G. Hearing, Mayor


Michael R. Kenyon, City Attorney

ATTEST/AUTHENTICATED:

Effective: March 17, 2015
Posted: March 18, 2015


Susie Oppedal, City Clerk

Contents

INTRODUCTION 2

INVENTORY & ANALYSIS 3

 Year Structure Built 4

DIRECTION FOR HOUSING POLICIES 6

 Expansion of City Limits Strategy: 6

 Infill Housing Within Existing Residential Areas Strategies: 6

 Mixed-Use Development: 7

 Mix of Housing Types Strategies: 7

 Manufactured and Mobile Homes Strategies: 8

AFFORDABLE HOUSING 8

 Table 3-3: LOW INCOME HOUSING EXISTING INVENTORY 9

 Preservation of Existing Affordable Housing 9

 Subsidized Housing 9

 Zoning Incentives 10

 Non-Profit Housing Organizations 10

 Accessory Housing and Housing Sharing 10

HOUSING FOR ASSISTED LIVING 11

AGING IN PLACE 11

GOALS AND POLICIES 11



INTRODUCTION

The Housing Element of the Comprehensive Plan sets policies that will guide future housing development, by both public and private sectors, to meet the long range housing needs of the community and to respond to the objectives of the Growth Management Act. The policies are written to support opportunities for developing housing for all income groups and for a variety of lifestyle choices. The plan considers the condition of existing housing stock and the provision of a variety of housing types and densities to meet the needs of the population while seeking to retain the small town life style that is so important to the community. The plan also seeks to develop policies that encourage the development of recognizable neighborhoods with supportive amenities such as parks, trail connections and open space.

It is the intention of the City, through its Housing Plan Element policies, to offer its residents a mix of attractive, safe, and well-maintained neighborhoods which contain a variety of housing options that are available without discrimination. Neighborhoods must be appealing, well kept, safe and close to city services, amenities, schools, jobs, and institutions.

The Housing Element was developed in accordance with the Growth Management Act, RCW 36.70A.070, WAC 365-195-310 (Housing Element Requirements), and the King County Countywide Planning Policies.

To fulfill requirements set forth by the Washington Growth Management Act, a Housing Element ensuring the vitality and character of established residential neighborhoods includes the following information:

1. an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth;
2. a statement of the goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing including single-family residences;
3. identification of sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities; and
4. provision for existing and projected housing needs of all economic segments of the population.

King County Countywide Planning Policies (CPPs) provide local direction to implement the GMA's mandate for consideration of affordable housing. Following is a paraphrased listing of the CPP's housing

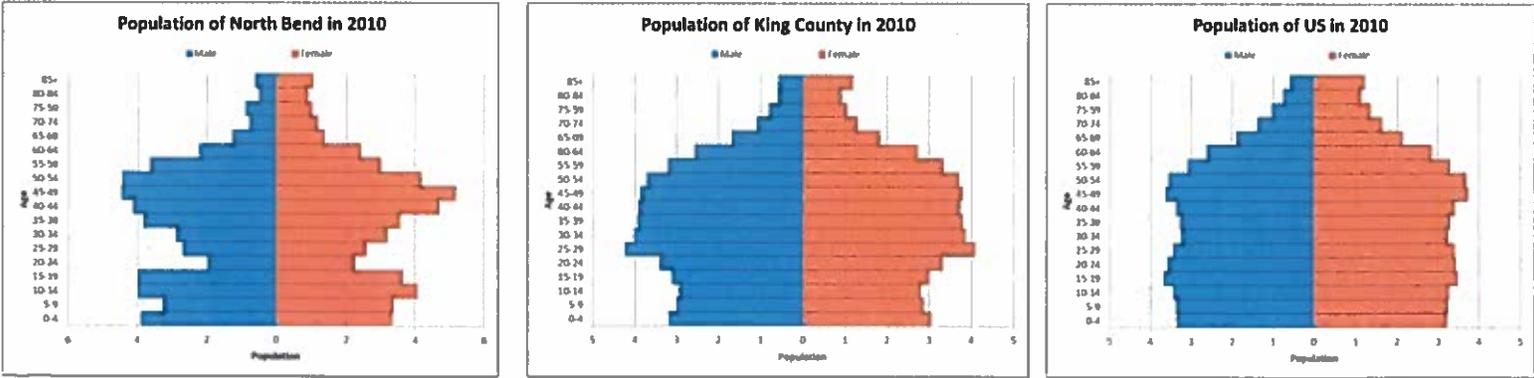
goals with direct applicability to North Bend. The number of each referenced goal is cited. Other CPPs may be indirectly applicable to North Bend. The full list of CPP's is available on the King County DDES website at <http://www.kingcounty.gov/property/permits/codes/growth/GMPC/CPs.aspx>.

- H-2: Jurisdictions are to address the need for housing affordable to households at less than 30% AMI (very low income), recognizing that this is where the greatest needs exists, and addressing this need will require funding, policies and collaborative actions by all jurisdictions working individually and collectively.
- H-4: Provide zoning capacity within each jurisdiction in the Urban Growth Area for a range of housing types and densities, sufficient to accommodate each jurisdiction's overall housing targets and, where applicable, housing growth targets in designated Urban Centers.
- H-5: Adopt policies, strategies, actions and regulations at the local and countywide levels that promote housing supply, affordability, and diversity, including those that address a significant share of the countywide need for housing affordable to very-low, low, and moderate income households (refer to CPP document for associated strategies)
- H-8: Tailor housing policies and strategies to local needs, conditions and opportunities, recognizing the unique strengths and challenges of different cities and sub-regions.
- H-12: Plan for residential neighborhoods that protect and promote the health and well-being of residents by supporting active living and by reducing exposure to harmful environments.
- H-18: Review and amend, a minimum every five years, the countywide and local housing policies and strategies, especially where monitoring indicates that adopted strategies are not resulting in adequate affordable housing to meet the jurisdiction's share of the countywide need.

Inventory & Analysis

In order to get the most accurate data the city utilized multiple data sources. Where possible the decennial 2010 Census data was used. The decennial Census is conducted in years ending with '0' and provides very accurate detail, but not the range of data needed at times. When data was needed that is not collected in the decennial data the 5-Year American Community Survey (ACS) was utilized. The 5-Year ACS collects data for 60 months to compile precise and reliable data. It is also the only survey that analyzes small communities, with a population less than 20,000.

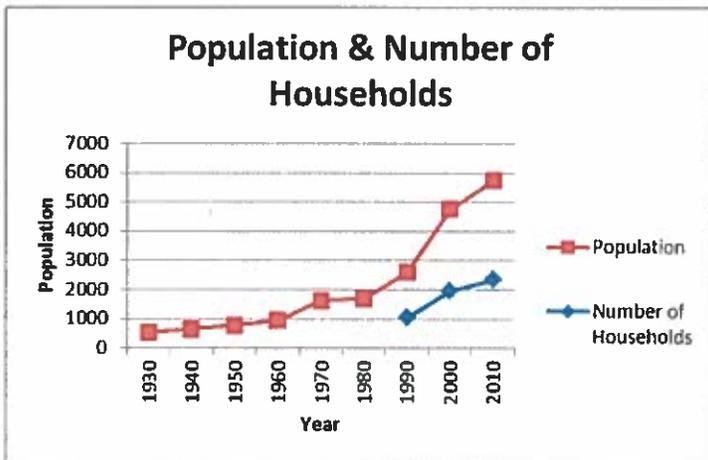
Figure 3-1: Population Pyramid for the City of North Bend, King County, and United States in 2010



According to the 2010 Census the population of North Bend was 5,731 with 2,348 households within the City limits, an increase of 21% from 2000. There was an average household size of 2.57. Of these 2,348 households 2,210 were occupied leaving 138 vacant. In 2010 there were 1,344 (57.2%) owner occupied 866 (36.7%) renter occupied units.

Year	Population	Number of Households	# of owner occupied units*	# of renter occupied units
1990	2,578	1,044	572 (54.8%)	471 (45.2%)
2000	4,746	1,954	1,079 (57%)	762 (41%)
2010	5,731	2,348	1,344 (57.2%)	866 (36.7%)

*The percentage of owner/renter occupied units does not add up to 100% due to vacant units.



Between 2010 and 2014 there were 241 new housing units constructed. This is a significant increase in new housing compared to the previous decade (Table 3-2). In 2009 North Bend emerged from a 10 year building moratorium. The moratorium was established in 1999 as part of an agreement with Washington State's Department of Ecology when North Bend learned that the city had exceeded its share of water and to avoid fines the city agreed to not allow new residential

Figure 3-2: Data Source: 2010 U.S. Census

construction. Ten years later the city secured additional water rights and building was allowed to resume.

Much of the City's housing was constructed prior to 1980. As the housing stock ages, the need will increase for rehabilitation of the oldest structures. Table 3-2 shows the age of the housing stock in the City of North Bend.

Year Structure Built	Units Constructed	Percent
2010-2014**	241	8.8%
2000-2009	106	3.9%
1990-1999	990	36.5%
1980-1989	547	20.1%
1970-1979	259	9.5%
1960-1969	125	4.6%
1950-1959	145	5.3%
1940-1949	101	3.7%
1939 or earlier	201	7.4%
Total	2715	

*Data from 2009-2013 ACS 5-Year Survey

**The number of structures from 2010-2014 was derived from building permits issued at North Bend Community and Economic Development Department, therefore it is higher than the 2009-2013 ACS Census that does not include more recent developments.

¹ The Census defines households in two categories: "Family households" consists of a householder and one or more other people related to the householder by birth, marriage or adoption; "Non-family households" consist of people living alone and households which do not have any members related to the householder.



A ranch house built in the 70's.
(Silver Creek Neighborhood)



New single family development built in the late 90's.
(New Si View)



Apartment complex built in late 80's.



Multi-family housing with variety of housing options (2000).
(Rock Creek Development)

Figure 3-3: Typical existing housing in North Bend.

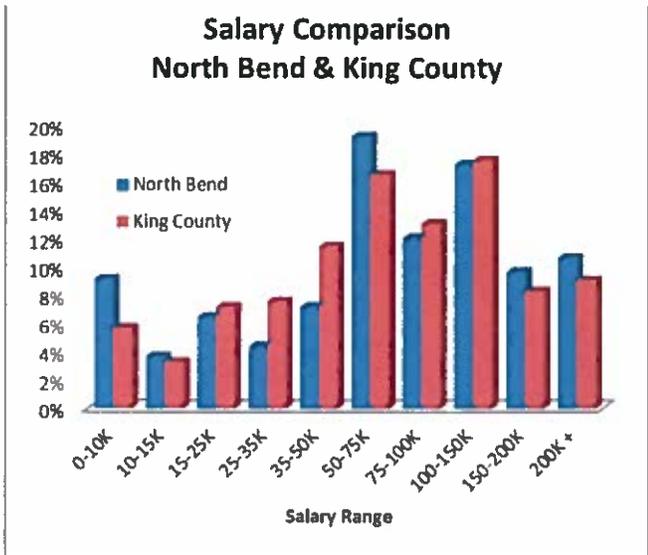
The median household income in North Bend was \$74,788 with 11.2 percent of the families or 13.5 percent of the individuals having incomes below the poverty level.² This income level indicates that the City must be responsive to the need of its residents to secure safe, decent, and affordable housing. Working with other housing providers including developers, the County, non-profits, State, or other agencies, the City must ensure that adequate provisions are made so that all economic segments of the community can find the housing it needs.

North Bend can meet the housing needs of its low-income residents by working with housing providers to rehabilitate or develop new housing units that are affordable. The adopted Countywide Planning Policies (CPPs) include affordable housing guidelines based on the median income for King County.

For the planning period, the City will have to develop multiple affordable strategies that can help generate an adequate supply of units affordable to low income city residents.

² 2009-2013 American Community Survey (ACS) 5-Year Estimates

Figure 3-4: Salary Comparison between the City of North Bend and King County (Data Source: 2009-2013 ACS 5-Year Survey)



DIRECTION FOR HOUSING POLICIES

The Housing Element of the Comprehensive Plan outlines the City's direction or response to three basic objectives:

1. The need to provide adequate capacity for residential growth to meet regional growth targets;
2. The need to encourage the development of a wide variety of housing alternatives to meet the needs of a diverse population; and
3. The need to foster opportunities that provide affordable housing.

The City can influence the local housing market through a variety of means:

- by directing the location and amount of land available for residential development;
- by amending its ordinances and codes to affect the size, type, and design of new and renovated housing;
- by building amenities that attract quality residential development; and
- by seeking financial resources and partnerships which can help meet the objectives of maintaining the City's existing housing stock and providing affordable housing.

The CPP's require all jurisdictions to have the capacity to accommodate housing and employment targets. North Bend's net housing target for 2012-2031 is 649 new houses. North Bend's net job target for 2006-2031 is 1,050 new jobs. While much of the demand for housing will be met by new housing construction, rehabilitation of existing older structures and selective infill development within existing neighborhoods will also help satisfy this future demand.

Some of the future demand for housing will be for persons with special housing needs including those seeking group homes, emergency or transitional housing, senior housing, single room occupancy housing and so on. The City will work with the County to ensure that housing for persons with special needs can be accommodated here. The City will also work with providers of special needs housing to site new facilities or adapt to reuse other residential or non-residential buildings.

The City of North Bend is committed to meeting the future demand for housing through the following strategies:

Expansion of City Limits:

The City of North Bend will accommodate increased population growth through annexations of land within its UGA. The North Bend UGA boundary is shown in Map 1-1 of the Land Use Element, North Bend Land Use Designations. The UGA will permit the City to grow to the south to I-90. These areas contain existing low-density residential and some open rural land uses. The remaining undeveloped land within the UGA will provide additional capacity to meet the City's new housing demand over the next 20 years.

Infill Housing Within Existing Residential Areas:

This strategy would encourage additional housing on remaining lots within the City limits and existing residential areas. This strategy would permit development of smaller lots that are compatible with the

existing neighborhood scale and character, helping to maintain and improve the quality of these neighborhoods over time. Plats of smaller lots located within the existing city limits could allow for innovative housing types such as cottages, that would blend with surrounding homes and be more affordable, as well as other small, fee-simple units.

Mixed-Use Development:

Mixed-use development is a mix of different land uses in an area, on a property or within a single building such as commercial use first floor with residential above. Redevelopment of existing commercial areas would permit the development of housing over retail shops or adjacent to commercial uses. Mixed-use in the downtown will encourage transit by providing increased density to support alternate modes of transportation.

The City permits the creation of low intensity home businesses that encourages entrepreneurship without changing the character of existing neighborhoods. The City promotes concurrent commercial/residential uses in the DC and NB zones that do not negatively impact the quality of life of adjacent neighbors. Mixed-use strategies are encouraged within a number of zoning districts through “Planned Neighborhood Development” review.

Mix of Housing Types:

Mixed-use development may also take the form of a mix of housing types within existing or yet-to-be-established neighborhoods. The goal of creating varied residential developments is to provide housing choices, integrate income and age groups, and encourage affordability. A variety in housing types should be permitted when the existing neighborhood character can be maintained or enhanced. An overall objective of the City is to work towards meeting Countywide Planning Policies on affordability while maintaining an overall single family to multi-family housing ratio of 70 percent to 30 percent. The City is presently at a ratio of 63 percent owner occupied to 37 percent renter occupied. To further encourage diversity, the City established a Cottage Residential (CR) zone that allows smaller lot sizes at higher densities.

Critical to the success of neighborhoods with mixed housing types is attention to scale and neighborhood character, the provision of adequate parking and the concurrent creation of mini parks supported by the homeowners, expansion of existing City parks, or fee in-lieu option for smaller plats to meet the needs of new residents.



Figure 3-1: New LDR Development with attention to open space, scale, parking and neighborhood character.

As North Bend's population changes, so will its demographic profile. To respond to the expected changes in the population, lifestyles, and the rising cost of housing, the City should provide opportunities for a mix of housing types including townhouses, duplexes, small lot single family innovative housing including cottage housing and other alternative types of housing that would blend with surrounding

homes and be more affordable, accessory dwelling units and mixed-use development. All new development must both meet the market demand as well as meet the City's goal of retaining its small town charm and rural appeal. Accomplishing this objective will be achieved in part by the creation and retention of integrated systems of open spaces, bikeways and pedestrian paths.

Manufactured and Mobile Homes:

As of 2010 North Bend has 182 mobile homes within the city limits (158 in mobile home parks and 24 stand-alone) based on city records. This is a significant increase from 2000 when there were 53, due to an annexation that included two additional mobile home parks. These structures are located primarily in two mobile home parks located along North Bend Way and one on Bendigo Boulevard N. These mobile home parks provide a source of affordable housing, both rental and owner-occupied. Mobile home parks must demonstrate that they are safe and have adequate utilities and city amenities.

Manufactured homes, which are produced in factory-controlled settings and shipped to a housing site for assembly, can provide an affordable alternative to the conventional site-built single family home. By state law the City must permit manufactured housing that conforms to uniform codes in areas of the City with adequate utility service and capacity where they meet city zoning codes and are placed on permanent foundations.

AFFORDABLE HOUSING

"Housing is a basic need for every individual. Our [region's] success depends on ensuring the availability of a variety of housing types and densities, as well as an adequate supply of housing affordable at all income levels, to meet the diverse needs of both current and future residents." (Puget Sound Regional Council, Vision 2040)

The City of North Bend is committed to providing development opportunities for affordable and low-income housing. Affordable housing is defined as when the total housing costs, including basic utilities, does not exceed 30 percent of the income limit (for renters, 50 percent or less of the county median family income, adjusted for family-size, and for owners, 80 percent or less of the county median family income, adjusted for family size for owners) (WAC 365-196-210(e)(i)(C) (i-v)). Residents need assistance with the escalating cost of housing to ensure they have access to housing which best meets their needs. As shown in Table 3-3, North Bend is slightly under the targeted units for providing housing below 50% Area Medium Income (AMI). North Bend meets and exceeds the goals for 50-80% AMI. Concurrent with the need to provide safe, decent, and affordable housing is the need to ensure that lower income residents have equal access to the provision of social, recreational and community services. North Bend can help meet the needs of lower-income households through the following strategies:

CPP Guidelines (AMI*)	Countywide need (% of total housing supply)	North Bend Existing Inventory**		
		Rental Units	Ownership Units	All Housing
50% to 80% of AMI (moderate)	16%	342 units	147 units	22.1%
30% to 50% of AMI	12%	192 units	70 Units (Under 50% AMI)	9.3%
30% and below AMI (very low)	12%	161 units		9.8%

*Area Medium Income (AMI)

** Overall Housing Affordability data is from King County’s 2012 Needs Assessment, based on the 2006-2010 ACS 5-Year Survey data.

Preservation of Existing Affordable Housing:

Older homes in existing neighborhoods, accessory units, mobile homes, shared housing, and existing subsidized housing currently provide affordable housing opportunities for some residents. Preservation of the existing affordable housing stock is critical to maintaining access to those sources. The City will seek ways of maintaining and increasing the availability of low-income housing through pursuit of Community Development Block Grant funds for housing repair and maintenance, developing links with affordable housing providers not currently operating in North Bend, and the consideration of developing a Housing Authority, either alone or in conjunction with other valley cities, that could be charged with meeting residents’ housing needs. The City will also work to enforce its building and maintenance codes to ensure that the existing housing stock provides decent, safe, and sanitary housing.

Subsidized Housing:

The City of North Bend currently has approximately 90 units of subsidized housing located in the downtown area. The Sno-Ridge Apartments (39) are exclusively senior housing, the Cascade Park apartments (27) is for seniors and disabled persons under 62 and the Si View Court Apartments (20) are exclusively for families. This housing was developed through federal, state, and King County housing assistance programs. The City will continue to seek housing assistance programs to meet the needs of its low-income population while seeking to preserve its existing stock of subsidized housing.

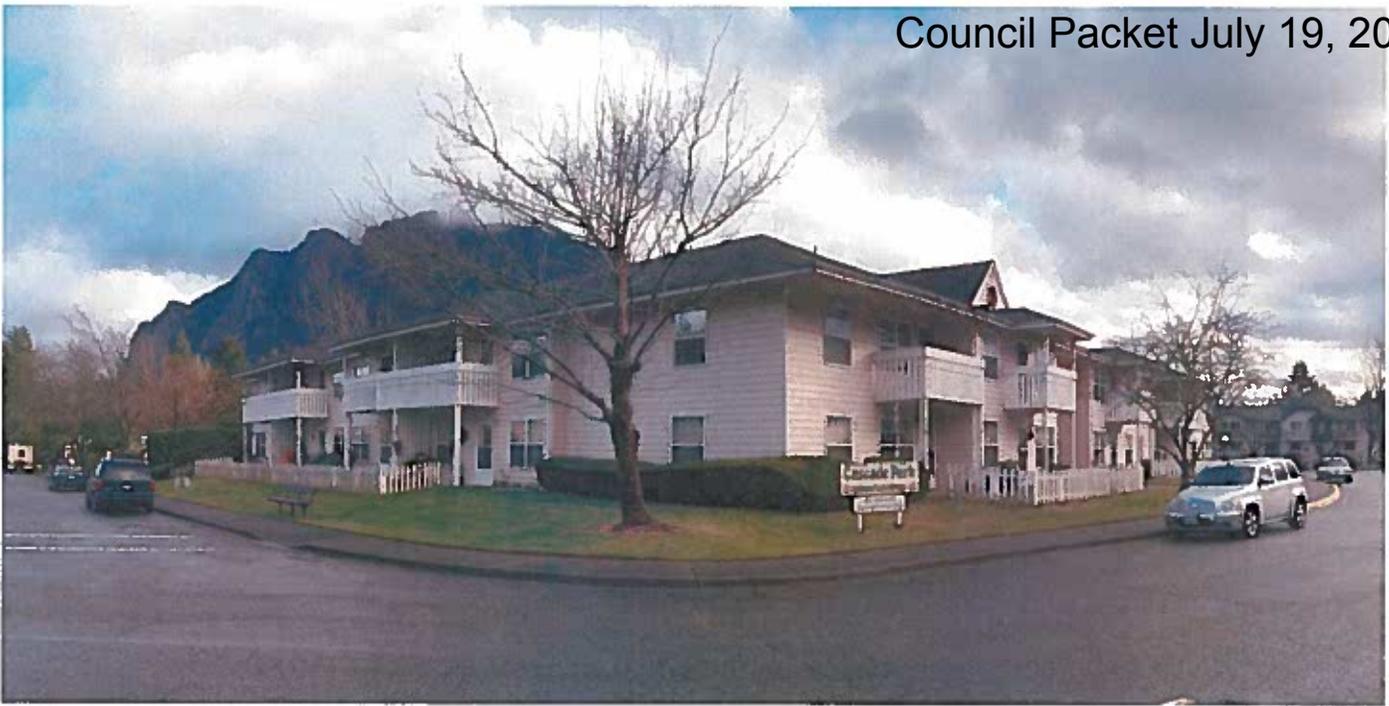


Figure 3-2: Cascade Park Apartments for seniors and disabled persons under 62.

Zoning Incentives:

Zoning incentives are a key mechanism to encourage the development of affordable housing through the private market. Incentives can include density bonuses, forgiveness or reduction of impact fees or permit costs, and streamlined permit and development review processes. Amendments to the zoning codes can also provide new mechanisms for development to contribute to a low-income housing trust fund for future affordable housing production.

Non-Profit Housing Organizations:

Non-profit housing organizations can provide opportunities for developing low-income housing in the communities they serve. These organizations can assist in preservation and rehabilitation of existing housing or construction of new housing and acquisition of property for housing. The City of North Bend will encourage these organizations to become active housing partners in the North Bend community. The City can act as a catalyst to encourage the organization and participation of these groups and as a conduit through which to seek additional government support.

Accessory Housing and Housing Sharing:

Accessory housing is a means of providing additional affordable residential units. Larger homes can often accommodate a rental unit without causing negative impacts in an existing neighborhood. The City identifies appropriate standards for accessory housing units and has developed the regulatory means to accommodate them. Opportunities for shared housing can be encouraged by promoting local recognition of groups or agencies that assist in linking a housing provider with those seeking housing.

Federal and State law mandates that cities provide the same residential opportunities to individuals of special needs as are available to single family residences. These individuals may be part of group homes and require some assistance in their day-to-day living, such as the physically or mentally disabled, victims of domestic violence, substance abusers, people living with AIDS, youth at risk, and seniors. Family living situations, institutional settings, social service programs and assisted housing, specifically excluding Secure Community Transition Facilities as defined in Washington State law, all serve a portion of those with special needs. The Federal Fair Housing Act (Chapter 151B) includes all individuals with special needs and states that no individual shall be denied the opportunity for safe and independent living. In addition, the Washington Housing Policy Act states that a “decent home in a healthy, safe environment for every resident of the State” shall be provided (RCW 43.185B.009).

The Housing Element supports goals and policies that provide equal and fair housing access for all residents of North Bend, including special needs residents. In order to provide housing opportunities for residents of special needs, the City shall work with public and private agencies to provide opportunities and services that would not be available otherwise to these residents. In addition, the City shall provide for these residences by continuing to support codes and ordinances which allow for a variety of housing opportunities, as well as encouraging the increase of social support services within the city and surrounding area. Adding flexibility to the City’s land use code to allow group homes and home-based care is also a significant opportunity available to the City for meeting the demand for special needs housing.

SENIOR HOUSING AND AGING IN PLACE

It is apparent from our population pyramid (Figure 3-1) that within the next 20 years a large portion of North Bend will be over 60. The City will need to accommodate this growing senior population by enabling the development of additional senior and assisted living housing, and by supporting the uses and needs of those residents. There are a rising number of challenges that communities, families and individuals face as the population over 60 increases. Communities can address these challenges by striving to become elderly-friendly. Elderly-friendly communities address the basic needs, optimize health and well-being, promote social and civic engagement, and increase independence for all people, but especially people who are frail or have disabilities.³ An aging-friendly community is also a community that is livable for all ages. These communities can be created by improving health care quality for older adults and adults with disabilities, addressing basic needs (education, housing, transportation, financial empowerment, and food security) that improve health and well-being, increase independence for older adults, and promote age readiness.

GOALS AND POLICIES

³ Center for Home Care Policy and Research/Visiting Nurse Service of New York, *The AdvantAge Initiative*.

H - Goal 1: *Encourage a variety of housing types and densities compatibly located to meet the demands of a diverse population.*

Policies:

- H - 1.1 Encourage the development of single-family residential infill that would blend with surrounding homes and be more affordable and be compatible with existing neighborhoods within the city limits.
- H - 1.2 Encourage the provision of a diversity of housing types and sizes to meet the needs of a wide range of economic levels, age groups and household make-up.
- H - 1.3 Encourage a mix of housing types, models and densities.
- H - 1.4 Create incentives for developers to include affordable housing voluntarily in new developments.
- H - 1.5 Encourage non-profit housing providers to pursue housing development opportunities that supply affordable housing while providing a high quality residential living environment.
- H - 1.6 Work with King County to develop affordable housing opportunities within the Snoqualmie Valley communities.
- H - 1.7 Reduce impact fees for residential developments that include affordable housing for those with low or very low-incomes.
- H - 1.8 Seek housing assistance programs to meet the needs of low-income or other special-needs city residents, while seeking to preserve the existing subsidized housing currently located within the city.
- H - 1.9 Work with the King County Housing Authority and other low income housing providers to provide affordable units to households at or below 80% of median income by the end of the target period (2022).
- H - 1.10 Work with other governmental agencies to develop methods that can streamline the residential permit review process to reduce the impact on affordable housing development.

H - Goal 2: *Promote residential neighborhoods that contain the necessary public amenities and support facilities that contribute to a high quality of life for North Bend residents.*

Policies:

- H - 2.1 Consider development of parks and recreational facilities jointly with the School District and Si View Metropolitan Park District.

- H – 2.2 Encourage the formation of neighborhood or homeowners associations to help develop a sense of community within a particular neighborhood.
- H – 2.3 Seek to create or to retain and protect links to a Citywide Trail System that connects neighborhoods with areas of commerce in an effort to promote alternative transportation systems.

H - Goal 3: The City should encourage the preservation and rehabilitation of the existing housing stock as a means of providing affordable housing.

Policies:

- H - 3.1 Enforce building maintenance codes, and health and safety codes for the City's housing stock.
- H - 3.2 Encourage the preservation of affordable older residential structures to maintain the available housing stock.
- H - 3.3 Work to preserve and physically improve existing mobile home parks as a means of preserving affordable housing.
- H - 3.4 Seek ways of maintaining and increasing the availability of low-income housing through pursuit of Community Development Block Grant funds for housing repair and maintenance, developing links with affordable housing providers.

H - Goal 4: The City of North Bend should provide adequate land capacity for forecasted population and residential growth within its city limits and Urban Growth Area in order to promote stable housing prices, foster affordability and broaden housing choices.

Policies:

- H – 4.1 Allow for density flexibility in housing development in order to meet population forecasts.
- H – 4.2 Promote opportunities for infill housing within the downtown area that provide a mix of housing types, prices, and densities.
- H – 4.3 Develop zoning regulations that will provide incentives to implement county wide planning policy targets for housing affordability as new housing development is permitted.
- H – 4.4 Provide areas for mixed use and high density housing to support a wide range of housing options at all economic segments for residents.
- H – 4.5 Continue to allow accessory units, shared housing, cottage housing, infill development at higher densities outside of “establish” or “constrained areas” and mixed-use development, which includes either a mix of residential densities or a mix of residential and commercial land uses in specifically designated areas.

H- Goal 5: *Support and provide for the availability of housing for residents of North Bend with special housing needs, excluding Secure Community Transition Facilities as defined in Washington State Law.*

Policies

- H – 5.1 Support the preservation and development of special needs housing in North Bend that serves both city residents and those in surrounding communities.
- H – 5.2 Encourage and promote partnerships with public and private agencies, as well as developers, that provide funding for housing opportunities for those with special needs.
- H – 5.3 Evaluate potential regulatory obstacles and ensure that codes or ordinances do not restrict development of special needs housing within North Bend.

H-Goal 6: *Support and provide for the ability to age in place safely, independently and comfortably, regardless of age, income or ability level.*

- H – 6.1 Empower older adults, their families, and other consumers to make informed decisions and to easily access available services
- H – 6.2 Enable older adults to age in their place of choice with appropriate services
- H – 6.3 Prepare North Bend for an aging population
- H – 6.4 Strive to make the City of North Bend accessible, safe, and inclusive for children, youth, families, adults, and the elderly
- H – 6.5 Allow people to age in place, be it in their homes or neighborhoods, by encouraging the development of neighborhoods that provide a mix of housing typologies and sizes to accommodate a broad range of lifestyles and abilities.



City Council Agenda Bill

SUBJECT:		Agenda Date: May 17, 2015		AB15-026		
A Resolution Authorizing Adoption of Proposed Amendments to the 2015 Comprehensive Plan Pertaining to the Housing Element		Department/Committee/Individual				
		Mayor Ken Hearing				
		City Administrator – Londi Lindell				
		City Attorney - Mike Kenyon				
		City Clerk – Susie Oppedal				
		Finance – Dawn Masko				
		Public Works – Mark Rigos				
		CED Associate Planner – Lynn Fredenburg				X
		CED Associate Planner – Lynn Fredenburg				
Cost Impact: N/A						
Fund Source: N/A						
Timeline: Immediate						
Attachments: Resolution, Exhibit A – Housing Element						
<p>SUMMARY STATEMENT:</p> <p>The City is required to review and revise, if needed, its Comprehensive Plan and development regulations by June 30, 2015 to ensure compliance with the Growth Management Act (GMA) – Chapter 36.70A RCW.</p> <p>The scope of work included updating the census data, the existing housing stock as well as the targets for future housing needs (included housing for all ages, abilities, and income levels). Language was added to address an aging population under ‘Senior Housing and Aging in Place’.</p>						
<p>COMMITTEE REVIEW AND RECOMMENDATION: CED Committee reviewed the proposed amendments at their March 11, 2015 meetings and recommended approval.</p>						
<p>RECOMMENDED ACTION: MOTION to approve AB15-026, a resolution authorizing adoption of proposed amendments to the 2015 Comprehensive Plan pertaining to the Housing Element.</p>						
RECORD OF COUNCIL ACTION						
<i>Meeting Date</i>		<i>Action</i>		<i>Vote</i>		
March 17, 2015		Passed Resolution 1676		6-0		

Susie Oppedal

From: Ty Allan <tyallan@outlook.com>
Sent: Thursday, June 30, 2016 12:14 PM
To: Londi Lindell
Cc: Ken Hearing; Mark Rigos; Don DeBerg; Dawn Masko; Council; Carrie Lee; mthomas@bangstick.net
Subject: RE: OSS in North Bend limits

Londi,

The code you reference is under the definitions section which states clearly that "Urban Services" are typically provided in Cities, meaning that, yes, the city would be responsible for the design, install and maintenance of a public utility, not a private entity.

At no point does it state that septic systems shall be banned from use, and entire cities shall be put on sewer systems. Nor does it state that the city of North Bend shall be required to force its residents to connect to sewer.

According to the document for the 2040 vision, at no point in this document, that you referenced as the city's governing body, mentions banning septic systems. Infact it has sections such as this:

Page #4, Background - Sanitary Sewer Systems 101

It is important to note that many urbanized areas still have properties served by on-site septic systems. There are many factors for the continued use of septic systems including; soil properties and characteristics, age and type of system, the size of the property and structure being served, and cost of conversion from septic to sewer. These all contribute to the on-going use of septic systems. The use of septic systems typically do not allow for urban levels of density.

Page #5, Planning Considerations

It is noted by many sewer utilities that not all development within a sewer service area are connected to a sewer system. Septic systems exist in many areas. Some utilities anticipate that all septic systems will be converted to a sewer system within the planning horizon, while others consider a significant portion but not 100 percent.

Many considerations are taken into account when planning for ultimate sewer service capacity. Each jurisdiction considers;

- Adjacent sewer service providers,
- Cost-effectiveness,
- Zoning,
- Existing soil conditions,
- Topographical limitations, and
- Septic conversions

Page #7, Barriers to Sewer service Delivery

Sewer utility engineers, planners and administrators take into consideration many factors that may influence the ability to provide sewer service. Each keeps in mind the need to plan for maximum build-out within the

sewer service area for which they are planning. This philosophy is reinforced by the Washington State Department of Ecology policies that allow for a ban on sewer connections if a local or regional sewer utility is nearing the capacity of its system. There are a few recognized barriers to service delivery:

- Capacity,
- Water quality, and
- Cost.

In the four-county area there is evidence of each of these barriers.

Page #9, Barriers to Sewer service Delivery

There are many areas in the four-county region still served by onsite septic systems. The conversion to sewers is very expensive. In some areas, conversion will cost around \$15,000 to \$20,000 in addition to a monthly sewer rate. Some of these property owners have single-family homes on less than a quarter acre lot and are in an area zoned for single family. This makes it difficult for a single family residence to offset the cost of hooking up to the sewer system without additional revenue from the sale of the excess property or additional units that might be served.

(End of PSRC Document you sent)

I understand that the city "Wants" to provide sewer throughout its jurisdiction, but if sewer is not feasible due to extreme cost or topographic issue, then they city should allow for septic variances throughout its boundaries. The above mentioned comments from the document you sent from the PSRC do not ban the use of septic systems, infact they note that there are barriers, such as cost, that make the point that septic systems are to be allowed. The only mention of banning anything is that "sewer connections" shall be banned if the WWTP is reaching capacity, not unlike our WWP.

You, recently attended and spoke at the PSRC meeting, where you stated that they are overstepping their authority and usurping your authority to control zoning within the city limits. Why would you fight so vehemently about one item, but then blindly follow their septic "suggestions" that clearly call out that there are issues with sewerage an entire jurisdiction?

So, in conclusion, there is no specific State/County code the city is referencing that mandates the city of North Bend shall not allow septic systems. In fact, the PSRC recommends septic where sewer services is not feasible. If the sewer system is futher than 200' from the parcel and the property meets the requirements of Washington State Department of Health Standards why would the City of North Bend not allow for septic?

I refer back to my last email, "To me it seems that North Bend enacted this code to force its residents onto the sewer system, to help pay for the ageing/failing WWTP. If not please let me know what is the reason for banning new OSS, whether or not sewer is reasonably available."

Please advise,

Ty Allan

From: LLINDELL@NORTHBENDWA.GOV
To: tyallan@outlook.com
CC: KHEARING@NORTHBENDWA.GOV; MRIGOS@NORTHBENDWA.GOV;
DDEBERG@NORTHBENDWA.GOV; DMASKO@NORTHBENDWA.GOV; Council@northbendwa.gov;
CLEE@NORTHBENDWA.GOV; mthomas@bangstick.net
Subject: RE: OSS in North Bend limits
Date: Wed, 29 Jun 2016 23:33:16 +0000

Ty, I was hoping you might want to learn more about the sanitary sewer system at the public meeting, not discuss septic systems. The state law I referenced is not "vague". If you are referring to my reference to "urban governmental services" and North Bend's statutory obligation to deliver the same, let me direct you to the statutory definition which clearly includes sewer as follows:

RCW36.70A.030(18) "Urban governmental services" or "urban services" include those public services and public facilities at an intensity historically and typically provided in cities, specifically including storm and sanitary sewer systems, domestic water systems, street cleaning services, fire and police protection services, public transit services, and other public utilities associated with urban areas and normally not associated with rural areas.

Here is the link to the state law citation for your viewing pleasure.

<http://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.030>

There is significant case law surrounding this term "urban services" as it relates to sewer services particularly as it relates to extending beyond city limits for sewer extensions and whether or not a City may extend sewer beyond its corporate boundaries. However a better resource describing our obligations is to review the attached white paper from the Puget Sound Regional Council, which is a regulatory body covering 4 counties (including King County) and the following link describes the delivery of sewer vs septic systems within urban growth areas. City's can elect to allow continued septic systems but as PSRC summarizes "the Growth Management Act has outlined the need for urban services. . .and sanitary sewer is [such] an urban service. North Bend is part of an urban growth area. Thus we are tasked with delivering urban services such as wastewater treatment plant services.

<http://www.psrc.org/assets/2020/appIF6a-environment-sewers.pdf>

Thank you.

From: Ty Allan [mailto:tyallan@outlook.com]
Sent: Wednesday, June 29, 2016 3:56 PM
To: Londi Lindell
Cc: Ken Hearing; Mark Rigos; Don DeBerg; Dawn Masko; Council; Carrie Lee; mthomas@bangstick.net
Subject: OSS in North Bend limits

Londi,

I do believe that if I attended these public forums and asked to speak about On Site Septic systems (OSS), I would be told that these public forums are for discussing the sewer fees, not septic systems, Correct?

I have reviewed and searched the growth management act for any reason that an OSS would not be allowed, and there is absolutely no mention of requiring residents to connect to sewer, and that septic systems are not allowed, as you mentioned in your response below. Please do not reference vague sections of the growth management act to point the blame at different governing bodies. I believe this is a issue with North Bend's code only, and no other entity besides North Bend is dictating it. If otherwise, please reference specific State/County code.

To me it seems that North Bend enacted this code to force its residents onto the sewer system, to help pay for the ageing/failing WWTP. If not please let me know what is the reason for banning new OSS, whether or not sewer is reasonably available.

Please advise,

Ty Allan

From: LLINDELL@NORTHBENDWA.GOV
To: tyallan@outlook.com
CC: KHEARING@NORTHBENDWA.GOV; MRIGOS@NORTHBENDWA.GOV;
DDEBERG@NORTHBENDWA.GOV; DMASKO@NORTHBENDWA.GOV; Council@northbendwa.gov;
CLEE@NORTHBENDWA.GOV
Subject: RE: Comments and additional questions on 6/21 City Council Meeting
Date: Wed, 29 Jun 2016 20:31:19 +0000

Ty, I would encourage you to come to the public forum if you have further questions. However, I will briefly answer your questions.

Cities and counties are treated differently regarding the installation of new septic systems due to a state law called the Growth Management Act – what you often hear people refer to as the “GMA”. This law was codified in 1990s and was adopted in an effort to stop sprawl and intensify growth in certain areas called urban growth areas or UGAs and slow growth in unincorporated counties. Thus, there are rules for rural counties under GMA and different rules for cities. North Bend is within an UGA and is a city. King County is obviously a county under the GMA. See Chapter 36.70A RCW. The specific laws regarding the requirements to deliver water and sewer are based upon RCW 36.70A.110(4) and various case law interpreting what “urban government services” and the delivery thereof means. For example, cities have been prohibited from extending their sewer lines outside of these UGAs into rural unincorporated counties because this has been deemed a violation of GMA. Similarly, cities are required to deliver this higher level of urban services by having sewer systems once they are within a UGA.

In response to your question as to why the city is passing the cost on to the residents if the city is mandated to provide sewer, I direct you to Chapter 35.67RCW. This is a state law that describes the formation of sewer utilities. A sewer utility is an enterprise fund which basically means it must be self supporting – the rate payers or users must fully pay for it. Thus, the “city” or general fund cannot pay to extend this service to your neighborhood. The other taxpayers cannot subsidize the delivery of this service to your neighborhood because this violates this type of enterprise fund. This is why you will need to get your neighbors to agree to a Local Improvement District or other financing tool in order to deliver sewer to your neighborhood. I did send that last email to you because there are in fact grants available which we think your neighborhood could be good candidates for but as a starting point you would need to get at least 60% of your owners to agree with you that this is something they want to pursue.

My statements below regarding a “majority” of Silver Creek neighbors not being interested in proceeding with sewer was in reference to those *attending the public meeting Ty and filling out the survey*. If you are interested in determining the sentiment of the entire neighborhood I understand Mark Rigos has suggested and I will again suggest that a logical next step is to get a group of interested neighbors together to start going door to door and collecting signatures on a Petition for a ULID. I am copying Carrie Lee as we either have a Petition Form at Public Works or we would be happy to ask our City Attorney to assist you in getting such a form together if you are interested in undertaking this work to ascertain the interest of your entire neighborhood. You know the City supports your neighborhood connecting to our sewer system but we simply don’t have the staff resources to do this work for you. Good luck.

From: Ty Allan [mailto:tyallan@outlook.com]

Sent: Wednesday, June 29, 2016 8:30 AM

To: Londi Lindell

Cc: Ken Hearing; Mark Rigos; Don DeBerg; Dawn Masko; Council; mthomas@bangstick.net

Subject: RE: Comments and additional questions on 6/21 City Council Meeting

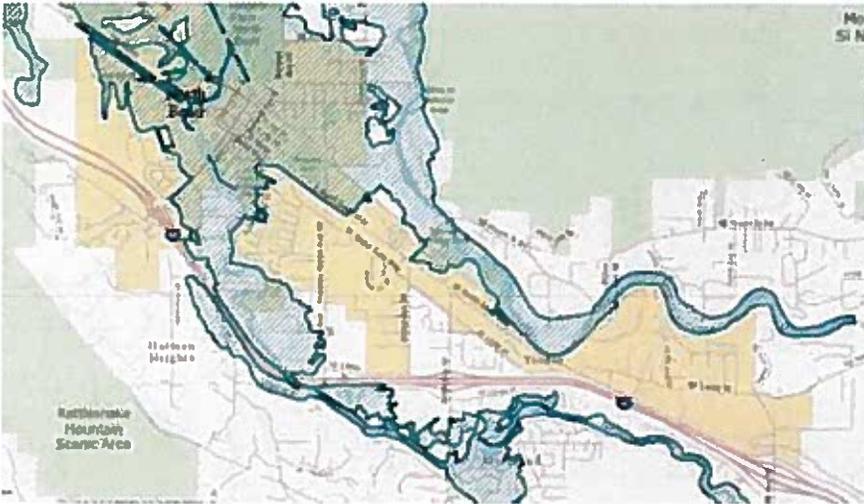
Ms Lindell,

You stated in the below email to Mr. Thomas this comment.

"As mentioned above, that is not allowed by state law. The City of North Bend is within an UGA and is mandated to deliver urban services such as water and sewer. As such we do not allow new septic systems with new construction in order to avoid pollution of rivers and water drinking sources. Further, most of North Bend is in the floodplain and is characterized by groundwater at or slightly below the ground surface during extended wet weather conditions. Under these conditions, a conventional septic tank drain field does not provide the necessary treatment to protect the environment and the public health and safety."

Can you please direct me to where in the state code or law you are referencing in the above statement? If that is so, why is King County allowed to have septic systems written into its code? In all of the conversation that I have had with the city, this is the first mention of it to be a requirement of the UGA or state code. If a city is mandated to deliver urban services like sewer why is the city not providing this infrastructure instead of passing the cost on to the residents that can not afford it. If groundwater Pollution is such an issue, why per King County code is it acceptable to have a well within 100 feet of your septic system? People have had wells next to septic systems for 100+ years, and now it's just becoming a pollution issue?

As for the Flood plain issue, isn't that quite factual. Only the Silver Creek and Downtown areas within the Fema Flood plain as shown on the map below. Where Mr. Thomas lives in not in the floodplain, as your comment could mislead someone to think all of North Bend is in a Floodplain, just rough estimation I would say that at least well over half, if not more, of the city is not in the floodplain. Surrounded by a flood plains, yes, but not in it.



In regards to your comment below about sewer Silver Creek,
"the majority of homeowners who responded to the survey were not in favor of proceeding with connection to the City's sewer system in Silver Creek"

Only 93 people were polled out of the 271 parcels in Silver Creek not on sewer. That is only 34% of the homeowners, so I would not call that a Majority. Not saying that the city is responsible for residents not participating, but still these numbers are askew.

Here were the results of the 93 residents polled:

- 36% = Yes, definitely or Leaning towards yes
- 44% = Leaning towards no or Definitely not
- 20% = Not sure – need more information

Maybe if we got the 20% more info they needed, or even discussed it at all after the meeting then maybe it would be possible. I understand that the city does not have the resources to take these kind of polls, but If the residents are going to pay for the entire infrastructure for the city, the city could at least do its best to poll the residents to get an actual result, or at least reach out to residents to help coach on what to do to take a poll.

Regards,

Ty Allan

From: LLINDELL@NORTHBENDWA.GOV
To: mthomas@bangstick.net
CC: KHEARING@NORTHBENDWA.GOV; MRIGOS@NORTHBENDWA.GOV; DDEBERG@NORTHBENDWA.GOV;
DMASKO@NORTHBENDWA.GOV; john.markus@tetrattech.com; AngieS@fcsgroup.com; tyallan@outlook.com;
MFOGLE@NORTHBENDWA.GOV; Council@northbendwa.gov
Subject: FW: Comments and additional questions on 6/21 City Council Meeting
Date: Wed, 29 Jun 2016 01:24:00 +0000

Mr. Thomas, your below emails to the City Council were forwarded to me and Council requested I provide responses. Please be advised that there are two additional opportunities for public comment on Thursday, July 7th (with an optional tour of our Sewer Plant at 6:00PM-limited spaces so please RSVP if you are interested) and Tuesday, July 19th. Both of these meetings are being held at the Senior Center @ 7:00 PM. Although I understand you currently are connected to a septic system you pose a significant number of questions regarding our proposed sewer rate increase affecting our sewer rate payers and we are hopeful you are interested in connecting to our sewer system at some future date. Please see the City's responses in red below. If you have further questions, please bring them to a future public forum. Thank you for becoming involved in this important issue for the City and I trust the below responses are helpful in better understanding the need for an increase in our sewer rates. We hope you are able to attend one of the upcoming public meetings or hearings. Thank you. Londi Lindell

From: mthomas@bangstick.net [mthomas@bangstick.net]
Sent: Thursday, June 23, 2016 12:30 AM
To: Council
Cc: Mark Rigos; Susie Oppedal
Subject: Comments and additional questions on 6/21 City Council Meeting

Dear Council Members,

Thank you for not approving the rate increase and giving more time for public Q&A and also for good additional questions.

I personally am having a hard time resolving why it is necessary to double the capacity and in such short order.

Response:

The principal driving force for doing the work at the treatment plant is repair and replacement due to the Plant being almost 70 years old and NOT to provide new capacity for new homes as you have suggested during your testimony and throughout this email. There are no new capacity improvements being made during the 5 year capital improvements. There is existing unallocated capacity at the Sewer Plant. The capacity element is

a consequence of the currently unused or unallocated capacity of the plant that will benefit from implementation of the capital improvement plan.

This seems far out of line with our existing population and residential property growth, even the City's own comprehensive plan and UGA requirements would not use all the capacity growth proposed (+771 residences/1982 people) to *2035*.

Response:

As the City grows, there will be an increase in residential population but also growth in the commercial sector. Wastewater derived from the commercial represents about 30% of the existing capacity needs for wastewater treatment. Currently there are about 2150 people living in residences (~836 ERUs) within the City who are on private on-site septic systems such as yourself that are not connected to the City's wastewater collection and treatment system. In 2036 it is estimated that there will only be 420 residents (163 ERUs) within the City that will remain on private on-site septic systems. As King County Public Health adopts more stringent regulations on septic and as pollution control laws and Growth Management laws requires cities' to deliver urban sewer services, existing septic systems will eventually be eliminated within urban growth areas. This is set forth in state law and is consistent with the Growth Management Act.

The city leadership regularly cite the need to support the UGA and required growth as justification for development, the city needs to explain why then it is NOT following its own comprehensive plan and overbuilding capacity.

Response:

The City is following its own Comprehensive Plan and is not "overbuilding". You have made estimates that this plan allows for over 11,000+ additional homes or persons to move to our town based upon the available ERUs and this is incorrect. The 5-Year Wastewater CIP plan that the proposed rate increase is based upon is consistent with the City comprehensive plan. The rate model estimates growth of approximately 100 new homes a year during the next 5 years. Based on the growth model in the wastewater facility plan and the City's comprehensive plan, additional or new "capacity" improvements at the treatment plant will not be required until 2029. Again the work identified in the 5 year CIP for the years 2016 -2020 are needed to allow the existing treatment plant *to reliably and consistently at a level that will assure compliance the City's NPDES discharge permit* because it's a 70 year old sewer plant. **Only about half of the existing plant capacity is allocated** so improvements aren't needed to add capacity at this time. Capital Costs associated with the unallocated portion of the plant will be recovered from development through a connection or hookup fee charged when a new home connects to the system which is also called the General Facilities Charge (GFC).

Has the city considered plans that do not double capacity?

Response:

Again, your assumption is incorrect - The 5-year plan does not double the existing plant capacity it only allows the existing rated capacity of the plant to be used and allows the Plant to function in compliance with our permit.

Has the city considered plans that decrease load? (such as by encouraging and providing \$ to residents and businesses to install low flow fixtures, water conserving toilets, front-loading washing machines, commercial dishwashing water recycling systems, etc.)?

Response:

Reducing the hydraulic load discharge by any specific class of user through water conservation would not eliminate the need or significantly reduce the costs for the 5 year capital improvement plan. The reason for this is because of the high amount of extraneous flow that enters the wastewater collection system due to inflow and infiltration because the collection system is also almost 70 years old so there are many cracks and breaks in the lines so we have a problem called I & I or inflow and infiltration. Inflow and infiltration is the dominate factor in determining the required hydraulic capacity of the plant. *On an annual basis more than half of the wastewater conveyed and treatment by the North Bend Wastewater Facilities is attributable to I&I. During a severe rainfall/snow melt event such as that experienced in November and December 2015, I&I accounted for over 85% of the daily hydraulic flow (load) conveyed and treated by the City's wastewater facilities.* Even with this high amount of I&I it remains cost effective to enhance the existing treatment plant as compared to cost and difficulty of implementing corrective action including replacement of private side sewers.

How about the unthinkable... that the city needs to allow septic systems to avoid increased loading and to encourage people on OSS to stay on them longer. (Septic users consume no capacity). There are still properties more than 200 ft. from city sewer that are blocked from adding OSS.

Response:

As mentioned above, that is not allowed by state law. The City of North Bend is within an UGA and is mandated to deliver urban services such as water and sewer. As such we do not allow new septic systems with new construction in order to avoid pollution of rivers and water drinking sources. Further, most of North Bend is in the flood plain and is characterized by groundwater at or slightly below the ground surface during extended wet weather conditions. Under these conditions, a conventional septic tank drain field does not provide the necessary treatment to protect the environment and the public health and safety.

FCS' testimony at the 6/21 hearing indicated ratepayers would be paying \$3.4M as a result of capacity expansion.

Response:

Existing rate payers will be responsible for paying their fair share of the 5 year capital improvement program for permit compliance, redundancy, etc which is around that \$3.4M figure. The balance of the costs for implementing the improvements will be paid by future development.

If I'm not mistaken rate increases cannot be used to pay for capacity expansion, only maintenance, repair, and upkeep. Isn't using funds marked for O&M/repair an unlawful use when those funds are used for capacity expansion? Folks need to go back and propose additional revenues related to new development... higher new development charges to pay for such. In any case it is not following the philosophy of "growth pay for growth".

Response:

The program does require growth to pay for growth. The need for implementing the 5 year capital improvement plan is not growth as stated earlier. Cost associated with implementation of the 5 year capital improvement plan that are associated with the current unallocated capacity of the existing plant will be recovered through the GFCs. The faster development occurs the faster the City can recover capital for the existing plant improvements through developer paid GFCs and new city sewer customers through payment of monthly sewer rates.

I also have additional questions regarding the assumptions on revenues. Mark's reply to me indicated that rainy season water consumption was used as the basis for rate increases. It is common sense that many residential users will increase their consumption in the summer to maintain their homes lawns and to garden/grow food--certainly in line with "preserving the rural character of North Bend". Wouldn't a rate design that assumes winter usage of water overshoot and collect too much money during summer months? I'd like to get more details as to the design of the rate increase and revenue projections to ensure that we've looked at multi-year consumption... at least a full 12 months or more (certainly there are fluctuations for dry and wet years)... considering North Bend is asking for an astronomical rate increase folks seriously need to examine how to bring down the increase.

Response:

The City uses the average monthly water consumption rate during the period of November through March to establish the average daily sewage flow for the "drier" months of the year, April through October). Actual residential water consumption from April through October does not come into the equation for computation of sewer rates or calculation of the sewer bill. The monthly residential sewer bill for the months of April through October is equal to the average of the preceding 5 months of sewer bills during "wet weather" (November through March).

Both myself and another citizen at the meeting proposed an alternative sewer consumption charging structure... one proposed a flat rate for residents, I had proposed basing sewer charges on winter consumption. Certainly the winter strategy incents conservation... people are incented to reduce household water use during winter months--and that is usage that does go into city sewer and at the worst time, rainy season where inflows are highest due to water leaking into the system or improper drainage connections to sewer.

Response:

The City's prior sewer rate was based upon a flat rate but a flat rate fees does not encourage water or wastewater conservation, which are key objectives identified by the City Council. A volume based fee that is constant or increases concomitant with increased consumption/discharge encourages conservation. The proposed rate structure is volume based with a constant volume charge.

I'd also ask that the city examine other ways of paying for new development aside from GFC. Homes that are on septic at some point will be going to city sewer and simply increasing the GFCs makes migration to sewer even less attractive... and even major repairs are apt to cost less than a \$10k GFC (and that's before considering another \$10k-\$25k or more for a resident to connect from their home to the city sewer connection)... and then the resident has another \$100 or more in sewer consumption charges they did not have before (relative to pumping every 3-5 years at \$750 plus occasional maintenance costs, screen cleans and miscellaneous repairs). Did not Silver Creek just reject city sewer? What is the city doing to make connecting to sewer a more attractive option?

Response:

The City can apply for grant and loan funding from the Washington State Department of Ecology to reduce sewer rate increases associated with extending city sewer into existing neighborhood not currently served by the City's wastewater collection system. Centennial Clean Water Grant funds have been generally available to "buy down" the cost of the project so that the new customer's total sewer bill does not exceed 2% of the median household income. In 2015 median household income (MHI) for the Silver Creek has been reported to be \$84,432. Two percent of this equates to a threshold sewer rate cost of \$140.72. If the City applied and offered grant funding for the project then residents the average residential customers sewer rate would be set at 2% of the median household income. The grant would be provided to provide the necessary funds to buy down the capital obligation for the project. Also Ecology does provide additional financial aid through lowering the interest rates on loans that result in sewer rates that are in the range of 80 to 100 percent of the sewer rate threshold (2% of MHI). However, the City's position has been that it is up to the neighborhood to decide if they wish to form a ULID to extend sewer to their neighborhood and busy City staff are not prepared to spend limited staff resources applying for such grants unless a neighborhood indicates a significant interest in such a ULID by initiating a ULID through a Petition. Although a Town Hall Meeting was conducted for the Silver Creek Community due to Ty Allen's inquiries (who I am copying on this email due to his interest in septic), the majority of homeowners who responded to the survey were not in favor of proceeding with connection to the City's sewer system in Silver Creek.

Last the upgrades/repairs and changes for "improvements" need to be examined closer to ensure there are no "shadow" capacity changes there. A good cross check is to re-run the system design "as if" no capacity changes were done and then compare the costs against the plan that increases the capacity... the difference is the cost of improvements/repairs/maintenance due to system capacity increase... and all those costs should be passed to new development.

Response:

It is essential to understand that the *improvements identified are principally replacement, repair, and additions for critical process redundancy* (e.g. the addition of a second clarifier, third UV reactor, and centrifuge) and for achieving compliance with the state biosolids regulations (i.e. , construction and operation of an aerobic digester for production of Class B Biosolids to allow for beneficial use for what currently is un-stabilized sewage sludge). In other words, even if another house was never built in North Bend our permit requires this level of redundancy for safety and compliance with current regulations.

I am also concerned with statements during the meeting that the plan/design is only "80%" done. So what else is left and what is the risk the costs go up?

Response:

The proposed rate increases are based on planning level estimates. Actual costs will vary but should be generally covered within +/- 30% of the estimated cost. Estimated costs are generally updated during and at the end of design phase. The construction market place sets the actual cost of construction may differ from the engineers estimate due to the cost of materials , labor and overall bidding climate at the time of bidding.

There was also a statement (I believe by the city administrator made it) that another \$12-\$14m in revenues will be needed for O&M to 2029... so ratepayers will be faced with that as well.... this should also be put out as the rate increases clearly won't end in 2020... that is almost as expensive as the entire improvement and capacity expansion plan being put forward now. I'd certainly like to see more details on this.

Response:

There is no capacity expansion in the 5-year Capital Improvement Plan as stated previously. Yes, operation and maintenance costs will increase over current levels because city needs to be more proactive rather than a reactive position to operating and maintaining the City's wastewater facility assets. The proposed rates include the cost for increased O&M and implementation of the 5-year capital improvement program.

I would like to understand when the system capacity changes and when we need certain levels of capacity. What capacity do we need and when do we need it? Perhaps present a table of the required capacity every year for the next 5-10-20 years.

Response:

Treatment plant capacity increases are not anticipated before 2029 based on the City's comprehensive plan and the draft wastewater facilities plan. Again the 5 year capital improvement program is needed to repair and replace equipment and systems that have failed or likely to fail because they have reached their design service life, and to bring the plant into compliance with the State and Federal standards for redundancy and reliability to assure compliance with the City's NPDES permit and to provide the City with the needed improvements to meet the State's Biosolids Management Regulations and General Permits for Biosolids, and to resolve nuisance odor issues associated with the plant.

Three additional suggestions given customers need notice of rate changes: 1) The new consumption rates to be included in a mailing for sewer charges and also a notice on the customer's bill of the date of the new rate plan 2) The rate plan takes effect the first billing cycle 6 months from adoption of the new rate plan. 3) Subsequent rate plan changes are spaced 12 months from the bill the first rate increase occurs.

On outreach: 1) The city needs to do a better job in social media... I see nothing wrong with a member of city government to post key announcements to popular facebook groups (such as the North Bend Political Forum or the North Bend News and Trading post)... those groups have 350 and more than 3000 members each. The city doesn't have to monitor these, only post. The city is still providing the required public notices anyway, posts are additional outreach. 2) Key facts the city wishes to highlight need to be in the email announcement not buried 80 pages in a PDF document... consider putting this information as an attachment or even better 1-3 pages as HTML in the email--consider that most people now get their email on a mobile device... reading a PDF on a mobile screen doesn't cut it 3) Simpler terms and clarity are needed... FCS presentation did little to explain this in terms the population can understand, and as well the engineering information on capacity requires some translation (perhaps to homes or population to translate treatment capacity from ERUs to something laypeople can understand). Similarly a clearer presentation of the cost of repairs/maintenance/upkeep and cost of capacity doubling. \$X million for repair/upkeep/maintenance \$Y million for capacity upgrade.

The City has been discussing the need for these capital improvements for 4 years at various public meetings and the need for the corresponding rate increases at various public meetings. The Capital Facilities Plan meeting describing in detail improvements you wish to discuss above was advertised and public meetings were conducted on March 15, 16 and April 26, 2016 (you incorrectly testified that this was the Silver Creek sewer meeting, which it was not). The rates were discussed in public Council Committee meetings on May 3, 11 and June 7 and 8, 2016. A public hearing before the City Council was opened on June 21st and continued until July 19th providing over a month for citizens to provide written or verbal comments to their elected officials. In addition, we added a Town Hall meeting on July 7th with our consultants and staff with an optional tour of the plant to answer questions. Finally we have posted all this information on the official City's Facebook Page, Twitter account, City's Web page, and posted official notices with the two local newspapers

(Snoqualmie Valley Record and Snoqualmie Star) and the local blog (Living Snoqualmie). We also sent the notice/press release to all persons who have signed up for "Notify Me" through the official City Web Page seeking notice of City News and Highlights. The upcoming meetings are listed on the City Calendar and the press release is listed under the City's News and Highlights. We have also sent this information out to the local Yahoo Group. We have never found the utility billing notices to be an effective tool for communication particularly of upcoming meetings. We also are unwilling to start trying to distribute this information to certain private social media closed groups as you have suggested. The two Facebook groups you suggest are both closed and require membership and the City of North Bend is not a member .

Michael Thomas

----- Original Message -----

Subject: Request to oppose city sewer rate increase

From: <mthomas@bangstick.net>

Date: Tue, June 21, 2016 4:42 pm

To: "Council" <Council@northbendwa.gov>

Dear City Council,

I believe more time is in order to understand the nature of the rate increase and why such a massive capacity increase is required in such a short order... expanding the capacity to 11.5k people seems out of order within the next 5 years, even the UGA only requires us to build an additional 771 residences (+1982 people) to 2035 in the City's own most recent comprehensive plan.

I also suspect that a good part of the improvements are not for maintenance or upgrades but are cloaks for capacity expansion and that is not an appropriate use for a rate increase.

Citizens being given only 4 business days to review the rate increase and to ask questions, come up with alternative ideas, etc. is not good governance.

I urge the council to oppose this. I am not necessarily opposed to capacity expansion or needed rate increases, Mark's numbers do indicate we are close to the existing capacity and such an expansion may be warranted... the question is how much is needed and when? Is there an alternative plan? What are the minimum necessary repairs & maintenance and what is the capacity expansion needed and when?

Michael Thomas

----- Original Message -----

Subject: RE: Comments on Sewer Rate and GFC Increase 6/21

From: Mark Rigos <MRIGOS@NORTHBENDWA.GOV>

Date: Tue, June 21, 2016 9:56 am

To: "mthomas@bangstick.net" <mthomas@bangstick.net>, Susie Oppedal <SOPPEDAL@NORTHBENDWA.GOV>Cc: Council <Council@northbendwa.gov>, Don DeBerg<DDEBERG@NORTHBENDWA.GOV>, Londi Lindell<LLINDELL@NORTHBENDWA.GOV>, KenHearing <KHEARING@NORTHBENDWA.GOV>

Hi Michael,

Thank you for providing input. Answers to your questions are as follows:

1. Yes, the rates were calculated based on a 5-month average, from November through March.
2. An Allocation Table was prepared and vetted by 4-5 licensed Professional civil engineers (PEs) by the State of Washington including 2 PhDs for allocating proportional costs into capacity or non-capacity facilities. Total cost of the 5-year improvements is estimated to be approximately \$15 million. Adjustment of the current GFC rates distributes the fair costs for upgrading the currently unallocated "rated" capacity of plant.
3. The existing City wastewater facilities currently provides conveyance, treatment and disposal for about 2,300 ERUs (equivalent residential units). One ERU is by definition equal to the flow and load attributable to the average single family residence (~2.57 people). With the implementation of the 5-year capital improvement program, the City wastewater facilities will have a "true" rated capacity capable of providing reliable conveyance, treatment and disposal for 4,492 ERUs.
4. Neither me nor my consultant understand what is being asked. However, all of the improvements in the 5-year plan are needed to bring the plant up to its rated capacity. The improvements are needed to replace equipment and systems that are being operated

beyond their design service life, to bring the plant into conformance with its rated capacity, current City flood management regulations, current state and federal redundancy and reliability standards, and state biosolids management regulations.

5. For irrigation meters, sewer rate charges do not apply to water used for irrigation purposes.

Hope that helps.

Sincerely,

Mark Rigos, P.E.

Public Works Director

City of North Bend

PO Box 896

1155 East North Bend Way

North Bend, WA 98045

(425) 888-7650

From: mthomas@bangstick.net [<mailto:mthomas@bangstick.net>]

Sent: Monday, June 20, 2016 4:05 PM

To: Susie Oppedal

Cc: Mark Rigos; Council

Subject: Comments on Sewer Rate and GFC Increase 6/21

Hello,

I am a resident of North Bend at 1231 LaForest Drive SE North Bend WA 98045 and wish to submit comments and questions for the record for the 6/21 hearing on the sewer rate and GFC increase.

I oppose the rate increase both in terms of both the general rate and GFC rate increase at this time. I would like to see an extended period for public comment on the proposal, certainly 4 business days notice of a rate increase does not provide the public sufficient time to comment on such a massive rate increase... although the city has known about this for months (with the original notice dating to April), citizens have not had the details until last week.

I would also like to see more details as to the plans for improvements and costs differentiated by improvements versus capacity expansion. There are no details provided in the city council packet justifying the rate increase or details such that the public can understand what components are for new development versus for upgrade or repair. The city has already exceeded its UGA growth targets to 2030... it's not clear how much capacity is actually required and whether the new plan exceeds the UGA target.

I have the following questions:

1) Was "winter quarter averaging" for establishing the basis for sewer charges evaluated? Obviously summer water usage for many homeowners and property owners also includes water that is used to maintain lawns and grow food for home gardens or farms within city limits and this water does not go into the sewer system for treatment. I believe winter usage is perhaps more reflective of actual usage that is apt to require sewer treatment. I view the old rate structure of a higher base charge but a very low variable rate charge is meant to reflect this. It would make sense that the winter water usage for properties with a single meter (without a separate meter for irrigation) would be most reflective of usage that requires sewer treatment. Reducing winter water usage that requires sewer treatment during the wettest months helps reduce the volume due to people and when infiltration in the system is greatest due to aging pipes, improper drain connections, etc. I am surprised North Bend has not considered winter quarter averaging to base sewer charges on what is usage that requires treatment vs. usage that doesn't (e.g., lawncare, gardening).

Winter quarter averaging would help those owners "maintain the rural look and feel" and small town character of their properties by providing a reasonable way to charge for water usage that requires sewer treatment and to maintain their lawns and landscaping.

2) Of the rate increases to both the GFC and monthly rate structure how much is due to capacity expansion vs. not capacity expansion (e.g., upgrades or required repairs)?

3) How many single family residences does the current system support and how many residences will be supported with the proposed capacity expansions? If this changes over time please elaborate the capacity changes over time.

4) What is the minimum capacity increase required (in terms of # of single-family residences)?

5) How are charges handled for properties with a separate meter for irrigation handled? The new ordinance rate structure does not elaborate on usage for irrigation or differentiate consumption for residential use vs. irrigation.

Please include my comments and questions for the public record.

Regards

Michael Thomas

**TO: City of North Bend Mayor & City Council
City of North Bend Public Works Director**

**FROM: Mike Jackman
505 SE 8th Street
North Bend, WA 98045**

Phone: #425-429-5203

Email: Jackman_mike@hotmail.com

Background: 35 years with City of Bellevue Utilities including 2 as Deputy Director and 4 as Assistant Director for Operations & Maintenance (retired 2012)

I am requesting response to the following questions regarding the City of North Bend's proposed sewer rate increases of 46% over 5 years to cover the cost of remodeling the City's wastewater treatment plant:

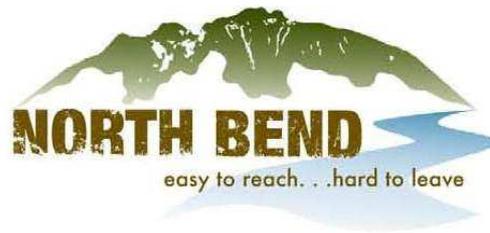
- 1) 3 options were studied including remodeling the existing plant, building a new plant, and contracting with a regional wastewater treatment provider. Given that private sector companies can often build and operate these types of facilities at a lessor cost than government institutions, why was a Design, Build, and Operate option not considered and evaluated (for either a remodel or a new plant)?**
- 2) Does North Bend's Utilities Department have a Renewal and Replacement Fund in its budget to plan, save, and pay for infrastructure renewal and replacement projects like this, and to level rate increased over a longer period of time to avoid large rate spikes such as this? If not, why not?**
- 3) North Bend collects a Utilities Tax on its water and sewer charges which is used to fund General Fund expenses, e.g. non-Utilities expenses. This project, and the large rate increases you are proposing to pay for it, would seem to be a "cash cow" for the General Fund. Has there been any consideration for decreasing the Utility Tax since there isn't likely a need for a 46% increase in the revenues the General Fund receives from the Utilities Tax?**
- 4) Sewer charges are based upon water use. However, water use increases in the summer months due to outdoor water use, such as landscape irrigation, that does not go down the sewer. Are North Bend's sewer charges based on average winter water use or on actual water use month by month? If not on average winter water use, why**

not? How can you apply sewer charges to water that doesn't go down the sewer? This is particularly important given the proposed rate increases.

- 5) Given the size of the rate increase under consideration, what other Utilities programs and services have been evaluated and considered to be discontinued, to have service levels decreased, to be outsourced, or to have other cost saving methods implemented in order to offset the proposed rate increases? Options could include cancelling, deferring, or downsizing other capital projects, operations and maintenance programs, administrative and other programs, functions, and staffing levels currently in the Utilities budget. It could also include outsourcing some programs to the private sector where cost efficiencies might be gained. Just because you have always done something does not mean it still needs to be done, done at the same level, or done in the same way.**

- 6) Finally, while this project and proposed rate increases are a focus in the Utilities Budget, have you looked into other City services for cost cuts? I ask because it's not just a matter of Utility rate increases, it's the sum of utility rate increases, property taxes, general services costs, etc. across the board that add up and take their toll on the community. E.g. a nickel here a nickel there and pretty soon it's a hundred dollars, otherwise known as death by a thousand cuts.**

Thank-you for your time and consideration of my questions. I look forward to your responses.



**LEGAL NOTICE
CITY OF NORTH BEND
King County, Washington**

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the North Bend City Council has scheduled a hearing to solicit public input and comments on proposed Sewer and Sewer General Facility Charge rate increases. The public hearing will take place during the Council Meeting on Tuesday, June 21, 2016, at 7:00 PM at the Mt. Si Senior Center, 411 Main Ave. S., North Bend, WA.

Comments may be presented orally at the public hearing or submitted in writing to the City Clerk at P.O. Box 896, North Bend, WA, 98045, or by e-mail to: soppedal@northbendwa.gov prior to 5:00 PM, Monday, June 20, 2016. For additional information please contact City Hall at (425) 888-1211.

Posted: June 1, 2016

Published in the Snoqualmie Valley Record: June 1, 2016



City Council Agenda Bill

SUBJECT:		Agenda Date: July 19, 2016	AB16-077	
An Ordinance Establishing a Line of Credit and Providing for the Issuance and Sale of a Limited Tax General Obligation Bond in the Principal Amount Not to Exceed \$3,500,000. Cost Impact: Closing Fees Fund Source: Sewer Fund Timeline: Immediate		Department/Committee/Individual		
		Mayor Ken Hearing		
		City Administrator – Londi Lindell		
		City Attorney - Mike Kenyon		
		City Clerk – Susie Oppedal		
		Community & Economic Development – Gina Estep		
		Finance – Dawn Masko		X
		Public Works – Mark Rigos		
Attachments: Ordinance, Term Sheet				
<p>SUMMARY STATEMENT:</p> <p>The Mayor and City Council have directed staff to move forward with certain Wastewater Treatment Plant (WWTP) Critical Improvement projects. It is the City’s intention to issue tax exempt revenue bonds for these capital projects in late 2017 but needs funding at the present time to pay for the components of the project which are already underway. The City Council adopted a Reimbursement Resolution at their May 17, 2016 meeting that provides for a mechanism for the City to reimburse itself from bond proceeds for certain capital expenditures which have already been purchased.</p> <p>The attached Ordinance authorizes the issuance and sale of a Limited Tax General Obligation Bond to fund WWTP critical capital projects. The City has received an offer from KeyBank National Association dated July 11, 2016 to purchase the bond in the form of a revolving line of credit in the amount of \$3,500,000. The line of credit is for three years and is renewable at the request of the City with no additional upfront costs, subject to KeyBank credit approval. The attached term sheet establishes a variable interest rate based on one-month LIBOR (London Interbank Offered Rate) plus 2.58% multiplied by 65.01% (equal to 1 minus the Federal Corporate Tax Rate of 34.99%). The variable interest rate will be adjusted every 30 days. The line of credit has authorization for up to \$3,500,000; however, only the amount drawn from the line of credit requires repayment.</p> <p>The City is also obligated to pay a commitment fee quarterly in arrears on the amount not utilized on the revolving line of credit. This quarterly fee is in an amount equal to the product of (i) the daily average of the unutilized amount on the revolving line of credit during the related quarterly period and (ii) 15 basis points.</p>				
<p>COMMITTEE REVIEW AND RECOMMENDATION: This ordinance was discussed by the Finance and Administration Council Committee at its May 17 and June 7, 2016 meetings and has been recommended for approval.</p>				
<p>RECOMMENDED ACTION: MOTION to approve AB16-077, an ordinance establishing a line of credit and providing for the issuance and sale of a Limited Tax General Obligation Bond in the principal amount not to exceed \$3,500,000, as a first and final reading.</p>				
RECORD OF COUNCIL ACTION				
<i>Meeting Date</i>		<i>Action</i>		
<i>Vote</i>				
June 21, 2016		AB16-071 - Postponed to July 19, 2016		
July 19, 2016				

CITY OF NORTH BEND, WASHINGTON
LIMITED TAX GENERAL OBLIGATION BOND, 2016
(REVOLVING LINE OF CREDIT)

Not to exceed \$3,500,000

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF A BOND TO EVIDENCE A REVOLVING LINE OF CREDIT IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$3,500,000; PROVIDING THE DATE, FORM, TERMS AND MATURITY OF THE BOND; DELEGATING AUTHORITY TO MANAGE THE REVOLVING LINE OF CREDIT; AND APPROVING THE SALE OF SUCH BOND.

PASSED: July 19, 2016

Prepared by:

PACIFICA LAW GROUP LLP
Seattle, Washington

TABLE OF CONTENTS*

	<u>Page</u>
Section 1. Definitions and Interpretation of Terms	1
Section 2. Authorization of Bond	6
Section 3. Prepayment	8
Section 4. Registration	8
Section 5. Bond Fund; Security for the Bond.....	9
Section 6. Sale of the Bond and Authorization to Designated Representative.....	9
Section 7. Procedures for Draws; Disposition of Drawings Under the Bond.....	11
Section 8. Form of Bond.....	13
Section 9. Execution of Bond	16
Section 10. Tax Covenants	17
Section 11. No Undertaking to Provide Ongoing Disclosure	17
Section 12. Financial Reporting.....	18
Section 13. Lost, Stolen or Destroyed Bond.....	18
Section 14. Extension of Maturity Date.....	18
Section 15. Events of Default and Remedies.....	19
Section 16. Notices	19
Section 17. Patriot Act Notice	19
Section 18. Waiver of Jury Trial.....	19
Section 19. Severability	19
Section 20. Effective Date	20
 Exhibit A Form of Request for Draw	
 Exhibit B Form of Request for Extension	

* This Table of Contents and the cover page are provided for convenience only and are not a part of this ordinance.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF A BOND TO EVIDENCE A REVOLVING LINE OF CREDIT IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$3,500,000; PROVIDING THE DATE, FORM, TERMS AND MATURITY OF THE BOND; DELEGATING AUTHORITY TO MANAGE THE REVOLVING LINE OF CREDIT; AND APPROVING THE SALE OF SUCH BOND.

WHEREAS, the City Council (the “Council”) of the City of North Bend, Washington (the “City”) deems it necessary and in the best interest of the citizens of the City to undertake certain capital improvements to City facilities (the “Improvements”); and

WHEREAS, to provide financing for costs of the Improvements, the City wishes to establish a line of credit with a bank, as authorized by RCW 39.46.050; and

WHEREAS, the City is authorized by chapters 35.37 and 39.46 of the Revised Code of Washington to borrow money and issue general obligation bonds payable from regular property tax levies of the City; and

WHEREAS, the City wishes to issue a limited tax general obligation bond in the principal amount of not to exceed \$3,500,000 (the “Bond”) to evidence the revolving line of credit; and

WHEREAS, KeyBank, National Association (the “Bank”) has offered to provide such a revolving line of credit in its term sheet, a form of which is on file with City staff (the “Term Sheet”); and

WHEREAS, the Council wishes to accept the Term Sheet and authorize the issuance of the Bond to the Bank to evidence a revolving line of credit on the terms and conditions set forth in the Term Sheet and in this ordinance;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Definitions and Interpretation of Terms.

(a) *Definitions.* As used in this ordinance, the following words shall have the following meanings:

Assistant City Administrator/Finance Director means the Assistant City Administrator/Finance Director of the City, or the successor of such office.

Available Commitment means, on any date, the Maximum Facility Amount adjusted from time to time as follows: (a) downward in an amount equal to the principal amount of any Draw pursuant to the terms hereof; (b) upward in an amount equal to the principal amount of the Bond repaid by the City pursuant to the terms of Section 2(b) hereof; (c) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof; provided, that, after giving effect to any of the foregoing adjustments the Available Commitment shall never exceed at any one time the Maximum Facility Amount.

Bank means KeyBank, National Association, Seattle, Washington, or any successor thereof as provided in this ordinance.

Bond means the City of North Bend, Washington, Limited Tax General Obligation Bond, 2016 (Revolving Line of Credit), as authorized to be issued pursuant to this ordinance.

Bond Counsel means Pacifica Law Group LLP or an attorney at law or a firm of attorneys, selected by the City, of nationally recognized standing in matters pertaining to the tax exempt nature of interest on bonds issued by states and their political subdivisions.

Bond Fund means the Bond Redemption Fund, 2016, created by the City pursuant to Section 5 of this ordinance.

Bond Register means the registration records for the Bond maintained by the Bond Registrar.

Bond Registrar means the Assistant City Administrator/Finance Director, whose duties include registering and authenticating the Bond, maintaining the Bond Register, transferring ownership of the Bond, and paying the principal of and interest on the Bond.

Calculation Agent means the Bank.

City means the City of North Bend, Washington, a municipal corporation duly organized and existing by virtue of the laws of the State.

City Clerk means the duly appointed and acting City Clerk of the City or the successor to the duties of that office.

Code means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bond or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bond, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

Commitment means the agreement of the Bank to provide for Draws against the Bond under the terms hereof for the account of the City.

Commitment Expiration Date means the later of (a) 5:00 p.m. eastern time on the date that is three (3) years from the Date of Issue, and (b) 5:00 p.m. eastern time on the last day of any extension of such date pursuant to Section 14, hereof, or, if such last day is not a LIBOR Business Day, the LIBOR Business Day next preceding such day.

Computation Date means, with respect to a Draw, the second London Banking Day immediately preceding each LIBOR Index Reset Date; provided that, if there are no Draws outstanding, then with respect to a new Draw, the initial Computation Date shall be the second London Banking Day immediately preceding the date of such Draw.

Council or City Council means the City Council as the general legislative authority of the City, as duly and regularly constituted from time to time.

Date of Issue means the date of issuance and delivery of the Bond to the Bank.

Default Rate means the applicable LIBOR Index Rate, plus 4.00% (400 basis points).

Designated Representative means the Assistant City Administrator/Finance Director of the City (or the successor in function to such person), other individual selected by the City Council, or his or her designee. The signature of one Designated Representative shall be sufficient to bind the City.

Draw or Draws means incremental draws on the Bond as requested by the City pursuant to the terms of this ordinance and the Bond.

Draw Date means each date on which a Draw occurs.

Effective Date means the Date of Issue subject to the satisfaction or waiver by the Bank of the conditions precedent set forth in Section 6 hereof.

Event of Default means the occurrence of any of the following:

(i) a failure to pay or prepay principal or interest on the Bond when due, as provided in this ordinance, the Bond, or failure to pay any fees when due; which in either case such failure continues, and is not cured, within five (5) Business Days after the Bank has made written demand on the City to cure such failure;

(ii) a failure by the City to comply with any of its obligations, or to perform any of its duties, under this ordinance or the Bond, which failure continues, and is not cured, for a period of more than 60 days after the Bank has made written demand on the City to cure such failure;

(iii) a material misrepresentation by the City in this ordinance or the Bond;

(iv) the City shall (a) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of the City, or of all or a substantial part of the assets of the City, (b) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (c) make a general assignment for the benefit of creditors, or (d) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against the City in any bankruptcy, reorganization or insolvency proceeding; or

(v) an order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for the

City or of all or a substantial part of the assets of the City, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of thirty (30) consecutive days.

Fair Market Value means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the applicable regulations under the Code, the term "investment" shall include a hedge.

Federal Tax Certificate means the certificate executed by the Designated Representative setting forth the requirements of the Code for maintaining the tax exemption of interest on the Bond to be dated as of the date of Date of Issue, and attachments thereto.

Fiscal Year means the fiscal year of the City, currently, the 12-month period ending on December 31 of each year.

Improvements mean capital improvements to City facilities that are included in the capital budget of the City.

Interest Payment Date means the first LIBOR Business Day of each calendar month and the Termination Date, commencing on August 1, 2016.

LIBOR Business Day means a day on which (a) banks are not required or authorized to close in Cleveland, Ohio, and (b) dealings are carried on in the London interbank eurodollar market.

LIBOR Fixed Rate means the rate per annum determined by the Calculation Agent at which deposits in the United States dollars are offered by prime banks in the London interbank eurodollar market two LIBOR Business Days prior to the LIBOR Index Reset Date, in an amount comparable to the amount of such advance and with a maturity of one month, as reported on Reuters Screen LIBOR01 page (or any successor page) at approximately 11:00 a.m., London time, on each Computation Date (or if not so reported, then as determined by the Calculation Agent from another recognized source of interbank quotation). In the event that the LIBOR Fixed Rate or any other index that may be used to calculate interest due under the terms of this

ordinance is determined to be less than zero, such index shall be deemed to be zero for purposes of the Bond.

LIBOR Index Reset Date means the first LIBOR Business Day of each calendar month.

LIBOR Interest Rate Period means a period of one month, not to extend beyond the Commitment Expiration Date of the Bond.

LIBOR Index Rate means a per annum rate of interest established on each Computation Date equal to the LIBOR Fixed Rate plus 2.58%, multiplied by 0.6501.

Loan Draw Record means the administrative records kept by the Bank to record the date and dollar amounts of draws on the Bond and loan repayments made by the City, which records may be maintained on the Bond itself or in such other format as the Bank and the City may agree. Such Loan Draw Record maintained by the Bank shall be conclusive as to such amounts absent manifest error.

Material Adverse Effect means (a) a change in, or an effect upon, the operations, business, properties, liabilities (actual or contingent), or condition (financial or otherwise) of the City which materially impairs its ability to make payments due under the Bond; or (b) any material term of the Bond or this ordinance or any material rights, security or remedies of the Bank hereunder or thereunder shall no longer be legal, valid, binding or enforceable against the City.

Maximum Facility Amount means the maximum amount to be drawn under the Bond at any one time, which shall be \$3,500,000.

Maximum Interest Rate means the maximum rate of interest on the Bond permitted by applicable law.

Mayor means the duly elected Mayor of the City or the successor to the duties of that office.

Project Fund means the Project Fund authorized to be created pursuant to this ordinance.

Request for Draw or ***Draws*** means request for a Draw under the terms of this ordinance pursuant to a Request for Draw in the form attached hereto as Exhibit A.

State means the state of Washington.

Termination Date means the earliest of (i) the Commitment Expiration Date, as such date may be extended pursuant to Section 14, hereof, and (ii) the date the Commitment terminates by its terms in accordance with Section 15, hereof.

Term Sheet means the commitment letter or proposal submitted for the Bond to the City to purchase the Bond as approved by the Designated Representative pursuant to Section 6 of this ordinance and may include a separate agreement, at the option of and approved by the Designated Representative.

Unutilized Amount means, as of any date, an amount equal to the difference between (i) the Available Commitment and (ii) the aggregate amount outstanding of Draws made by the City pursuant to the terms hereof.

(b) *Interpretation.* In this ordinance, unless the context otherwise requires:

(1) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” means after, and the term “heretofore” means before, the date of this ordinance;

(2) Words of the masculine gender mean and include correlative words of the feminine and neuter genders, and words importing the singular number mean and include the plural number and vice versa;

(3) Words importing persons include firms, associations, partnerships (including partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(4) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal bonds appended to copies hereof, are solely for convenience of reference and do not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect;

(5) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of Bond. For the purpose of evidencing a revolving line of credit to finance the Improvements, the City shall issue its limited tax general obligation bond, in the form of a revolving draw down obligation, in the principal amount of not to exceed \$3,500,000 (the “Bond”).

(a) *Bond Details.* The Bond will be designated as the “City of North Bend, Washington, Limited Tax General Obligation Bond, 2016 (Revolving Line of Credit),” will be dated the Date of Issue, will be issued as a single instrument in fully registered form in the denomination of not to exceed \$3,500,000.

(b) *Interest Rate and Payment Terms.* From the Effective Date through the Termination Date, and upon and subject to the terms and conditions and on the basis of the representations, warranties and agreements by the City in this ordinance, the Bank will, when requested by the City pursuant to procedures for making Draws set forth in this ordinance, to make Draws from time to time (but in no event more than four (4) per calendar month) in an aggregate principal amount not to exceed the Available Commitment.

Each Draw shall (i) be pursuant to a Request for Draw, (ii) mature on the Commitment Expiration Date, and (iii) be in a minimum principal amount of \$100,000. Interest on each Draw shall be calculated on the basis of a year of 360 days of twelve 30-day months from the Draw Date. Except as otherwise provided herein upon the occurrence and continuation of an Event of

Default, the outstanding under the Bond shall bear interest at the lesser of (1) the Maximum Interest Rate and (2) the LIBOR Index Rate.

Subject to the right to cure a payment default as provided herein, the principal of, and to the extent permitted by applicable law, interest on any outstanding payments in default shall bear interest, from the date due and payable until paid, payable on demand, at a rate per annum equal to the lesser of (i) the Default Rate and (ii) Maximum Interest Rate.

The Calculation Agent shall determine the LIBOR Index Rate on each Computation Date with respect to each Draw, and such rate shall become effective on the Libor Index Reset Date next succeeding the Computation Date and interest at such rate shall accrue each day with respect to such Draw, commencing on and including the next succeeding LIBOR Index Reset Date to but excluding the immediately succeeding LIBOR Index Reset Date. The LIBOR Index Rate shall be rounded upward to the fifth decimal place. Promptly following the determination of the LIBOR Index Rate, the Calculation Agent shall give notice thereof to the City. The Calculation Agent's internal records and applicable interest rates shall be determinative in the absence of manifest error.

Accrued but unpaid interest on the Bond shall be due and payable on the each Interest Payment Date. All outstanding principal of Draws shall be due and payable on the Termination Date. Interest due and payable on the Bond shall be equal to the amount accrued to, but excluding the related payment date. If the payment date for the principal of or interest on the Bond is a day other than a LIBOR Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding LIBOR Business Day, and such extended period of time shall be included in the computation of interest; provided, however, the payment of interest on the Bond on such extended date shall have the same force and effect as if made on the original payment date.

If the Bank determines that for any reason in connection with any request to make a Draw that (a) dollar deposits are not being offered to banks in the London interbank market for the applicable amount, or (b) adequate and reasonable means do not exist for determining LIBOR, the Bank will promptly so notify the City. Thereafter, the obligation of the Bank to make or maintain Draws shall be suspended until the Bank revokes such notice. Upon receipt of such notice, (i) the City shall immediately revoke any pending request for Draws, and deliver notice to the Bank that the rate on Draws will be converted to a rate determined by the Bank, after consultation with the City, in the amount specified therein and (ii) the interest on all outstanding Draws shall be automatically converted to the interest rate set forth in such notice on the next succeeding LIBOR Index Reset Date. Upon any such conversion, the City shall also pay accrued interest on the amount so converted.

Notwithstanding anything to the contrary in this ordinance, if the corporate federal tax rate decreases for any period during which the Bond is outstanding (whether or not any lender is actually taxed at said maximum marginal statutory rate), the City shall pay an additional amount to the Bank on the amount outstanding on the Bond equal to the difference between the number equal to one minus the new corporate federal tax rate and 0.6501, multiplied by the sum of one-month LIBOR plus 2.58%.

(d) *Delegation to the Designated Representative.* The Designated Representative is hereby authorized to determine for the City the amount and the timing of Draws and repayments under the Bond, in accordance with procedures agreed to by the Bank and as set forth in this ordinance.

(e) *Renewal of the Bond.* The Bond is renewable at the request of the City Council and the consent of the Bank, which may be withheld by the Bank in its sole discretion, pursuant to Section 14 of this ordinance.

Section 3. Prepayment. The City may prepay any Draw, in whole or in part, without premium, on the LIBOR Index Reset Date provided at least three (3) LIBOR Business Days' prior written notice is given by the City to the Bank. Each such notice shall specify the date and amount of such prepayment. Each such notice of optional prepayment shall be irrevocable and shall bind the City to make such prepayment in accordance with such notice. Any prepayment of Draws shall be in a principal amount of \$20,000 or a whole multiple of \$20,000 in excess thereof or, if less, the entire principal amount thereof then outstanding under the Bond being prepaid. All prepayments of principal shall include accrued interest to the date of prepayment and all other amounts due and payable at such time pursuant to this ordinance.

If a prepayment shall occur on any date other than a LIBOR Index Reset Date, in the event the Bank shall incur any loss, cost, or expense (including any loss, cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired or contracted to be acquired by the Bank to purchase or hold the Bond or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to the Bank) as a result of any redemption or conversion of the Bond on a date other than a Libor Index Reset Date for any reason, whether before or after default, and whether or not such payment is required by any provision of this ordinance, then upon the demand of the Bank, the City shall pay to the Bank a redemption or conversion premium, as applicable, in such amount as will reimburse the Bank for such loss, cost, or expense. If the Bank requests such redemption or conversion premium, as applicable, it shall provide to the City a certificate setting forth the computation of the loss, cost, or expense giving rise to the request for such redemption or conversion premium, as applicable, in reasonable detail and such certificate shall be conclusive if reasonably determined.

In the event of prepayment in whole of the Bond prior to the Termination Date, the Bond shall be deemed to remain outstanding for subsequent Draws absent a written notice to the Bank by the City that the prepaid Bond is no longer outstanding and available for further Draws hereunder.

Section 4. Registration.

(a) *Bond Registrar/Bond Register.* The Assistant City Administrator/Finance Director shall act as Bond Registrar. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Bond if transferred or exchanged in accordance with the provisions of the Bond and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance.

(b) *Registered Ownership.* The City and the Bond Registrar may deem and treat the Registered Owner of the Bond as the absolute owner for all purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of the Bond shall be made only as described in this ordinance. All such payments made as described in this ordinance shall be valid and shall satisfy the liability of the City upon the Bond to the extent of the amount so paid.

(c) *No Transfer or Exchange of Registered Ownership.* The Bond shall not be transferrable without the consent of the City unless (i) the Bank's corporate name is changed and the transfer is necessary to reflect such change; or (ii) the transferee is a successor in interest of the Bank by means of a corporate merger, an exchange of stock, or a sale of assets.

(d) *Place and Medium of Payment.* Both principal of and interest on the Bond shall be payable in lawful money of the United States of America. Principal and interest on the Bond shall be payable by check, warrant, ACH transfer or by other means mutually acceptable to the Bank and the City. Upon final payment of principal and interest of the Bond, the Registered Owner shall surrender the Bond for cancellation at the office of the Bond Registrar in accordance with this ordinance.

Section 5. Bond Fund; Security for the Bond. A special fund of the City known as the "Bond Redemption Fund, 2016" (the "Bond Fund") is hereby authorized to be created by the City. The Bond Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Bond. Money in the Bond Fund not needed to pay the interest or principal next coming due may temporarily be deposited in legal investments for City funds, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value.

The City hereby irrevocably covenants and agrees for as long as the Bond is outstanding and unpaid that each year it will include in its budget and levy an *ad valorem* tax upon all the property within the City subject to taxation in an amount that will be sufficient, together with other revenues and money of the City legally available for such purposes, to pay the principal of and interest on the Bond when due.

The City hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the tax levy permitted to cities without a vote of the people, and that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on the Bond will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bond. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bond when due.

Section 6. Sale of the Bond and Authorization to Designated Representative. The City hereby accepts the Bank's Term Sheet, to purchase the Bond on the terms specified therein and in this ordinance. The proper officials of the City are hereby authorized and directed to do all things necessary for the prompt execution and delivery of the Bond and the items required to be delivered to the Bank under the terms of the Term Sheet and for proper use and application of

the proceeds of sale thereof. In accordance with the Term Sheet, the City will pay the Bank a loan origination fee of \$20,000.

(a) *Additional Fees to Bank.* The City shall pay or cause to be paid to the Bank on October 1, 2016, for the period commencing on the Effective Date to and including September 30, 2016, and in arrears on the first LIBOR Business Day of each January, April, July and October to occur thereafter to the Termination Date, and on the Termination Date, a nonrefundable commitment fee (the "Commitment Fee") in an amount equal to the product of (i) the daily average Unutilized Amount during the related quarterly period, and (ii) 15 basis points.

(b) *Fees, Costs and Expenses.* The City shall pay the fees and costs of Bond Counsel, and any other expenses and costs that the City incurs in connection with this ordinance and the Bond. The City shall also pay the Bank's attorney fees related to this transaction (estimated at \$6,000).

The City shall pay within thirty (30) days after demand, if an Event of Default shall have occurred, all costs and expenses of the Bank in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights under the Bond and this ordinance and such other documents which may be delivered in connection therewith.

(c) *Conditions to Closing/Date of Issue.* Prior to the issuance of the Bond, the City shall provide, or cause to be provided, to the Bank the following documents:

(1) a certified copy of this ordinance and the executed and authenticated Bond;

(2) an opinion of Bond Counsel, in form acceptable to the Bank, to the effect that this ordinance and the Bond are and will be valid and legally binding obligations of the City, enforceable against the City in accordance with their terms; and

(3) the certificate of the Designated Representative to the effect that:

(i) The City is duly created and existing under the laws of the State, has all necessary power and authority to perform its duties under this ordinance and the Bond, and that this ordinance and the Bond will constitute legal, valid and binding obligations of the City which are enforceable in accordance with their terms;

(ii) there is no action, suit, proceeding or investigation at law or in equity before or by any court or government, city or body pending or, to the best of the knowledge of the City, threatened against the City to restrain or enjoin the adoption of this ordinance or the execution and delivery of the Bond, or the collection and application of funds as contemplated by the this ordinance or the Bond, which, in the reasonable judgment of the City, would have a material and adverse effect on the ability of the City to pay the amounts due under the Bond;

(iii) the adoption of this ordinance and the execution and delivery of this ordinance and the Bond do not and will not conflict in any material respect with or constitute

on the part of the City a breach of or default under any law, charter provision, court decree, administrative regulation, ordinance, ordinance or other agreement to which the City is a party or by which it is bound; and

(4) such other closing documents and opinions as may be reasonably required by the Bank.

Further, as a condition to the issuance of the Bond, the Bank, on the Date of Issue, shall provide a certificate in the form satisfactory to Bond Counsel acknowledging the following: (1) the Bond is not being registered under the Securities Act of 1933 and is not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state; (2) the Bank will hold the Bond as one single debt instrument; (3) no CUSIP numbers will be obtained for the Bond; (4) no final official statement has been prepared in connection with the private placement of the Bond; (5) the Bond will not close through The Depository Trust Company or any similar repository and will not be in book entry form; (6) the Bond shall not be rated by any rating agency; and (7) the Bond is not listed on any stock or other securities exchange.

(d) *Records.* To the extent permitted by law, the City will permit the Bank (at the expense of the Bank, unless and until an Event of Default has occurred, at which time such expenses shall be borne by the City) to examine the books and financial records (except books and financial records the examination of which by the Bank is prohibited by law or by attorney or client privilege), and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the City’s finances with the City’s principal officials, at such reasonable times and as often as the Bank may reasonably request.

(e) *Existence.* The City (a) shall maintain its existence pursuant to the laws of the State and (b) shall not liquidate or dissolve, or sell or lease or otherwise transfer or dispose of all or any substantial part its property, assets or business, or combine, merge or consolidate with or into any other entity.

Section 7. Procedures for Draws; Disposition of Drawings Under the Bond.

(a) *Communications and Dispositions of Drawings.* Following the execution and delivery of the Bond, the Designated Representative shall notify the Bank in writing each time that a Draw is required to pay costs of the Improvements or costs of issuance of the Bond. Proceeds of Draws on the Bond shall be deposited in the Project Fund which is hereby authorized to be created by the City (the “Project Fund”). The City will use Draws, together with other money available therefor, to pay costs of the Improvements and to pay all expenses incidental thereto (including but not limited to costs of issuance of the Bond, engineering, financing, legal or any other incidental costs) and to repay any advances made on account of such costs or for redeeming the Bond.

The Assistant City Administrator/Finance Director shall invest money in the Project Fund and the subaccounts contained therein in such obligations as may now or hereafter be permitted to cities of the State by law and which will mature prior to the date on which such money shall be needed, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value. Upon completion of the Improvements, Bond proceeds (including interest

earnings thereon) may be used for other capital projects of the City or shall be transferred to the Bond Fund to pay principal on the Bonds.

(b) *Procedures for Draws.* Each Draw shall be made upon the City's irrevocable notice to the Bank in the form of a Request for Draw with blanks appropriately completed. Each Request for Draw shall be signed by the Designated Representative and shall specify: (1) the Draw Date which shall be a LIBOR Business Day and shall be at least three (3) LIBOR Business Days after the date of the Request for Draw; and (2) the principal amount of the Draw, which shall not exceed the Available Commitment as of the proposed Draw Date. Each Request for Draw must be received by the Bank not later than 12:00 noon eastern time three LIBOR Business Days immediately prior to the requested Draw Date.

The obligation of the Bank to consummate the Draw (other than the initial Draw) is subject to the satisfaction of the following conditions precedent on the Draw Date:

(i) the representations of the City set forth in Section 6 of this ordinance shall be true and correct in all material respects on and as of such Draw Date, and shall be deemed to have been made on such Draw Date;

(ii) no Event of Default shall have occurred and be continuing on such Draw Date and no Material Adverse Effect has occurred and be continuing;

(iii) after giving effect to such Draw, the aggregate principal amount of all Draws shall not exceed the Available Commitment;

(iv) there shall not have occurred and be continuing any default by the City under any agreement with the City for borrowing money, lease financing of property or provision of credit with the owner of the Bond or an affiliate of the owner of the Bond;

(v) there shall not have occurred and be continuing any default under any agreement for borrowing money, lease financing of property or provision of credit other than with the owner of the Bond or an affiliate of the owner of the Bond under which the City is an obligor where there is outstanding, owing or committed an aggregate amount in excess of \$250,000; and

(vi) the Bank shall have received a Request for Draw as required under, and in strict conformity with, this section.

Upon receipt of a Request for Draw by the Bank, the Bank, subject to the terms and conditions of this ordinance, shall be required to consummate the Draw by 3:00 p.m. eastern time on the proposed Draw Date for the account of the City in an amount equal to the amount of the requested Draw. Notwithstanding the foregoing, in the event such Request for Draw is received by the Bank after 12:00 noon eastern time on the LIBOR Business Day which is three (3) LIBOR Business Days immediately prior to the day of the proposed Draw, the Bank shall be required to consummate the related Draw by 3:00 p.m. eastern time on the fourth LIBOR Business Day after receipt of the related Request for Draw. The Bank shall determine the applicable LIBOR Index Rate with respect to any Draw two LIBOR Business Days prior to the related Draw Date.

Section 8. Form of Bond. The Bond will be in substantially the following form:

UNITED STATES OF AMERICA

NO. N-1

Not to exceed \$3,500,000
(or as much thereof as is
shown on the attached
Loan Draw Record)

STATE OF WASHINGTON

CITY OF NORTH BEND
LIMITED TAX GENERAL OBLIGATION BOND, 2016
(REVOLVING LINE OF CREDIT)

INTEREST RATE: Variable, as provided in the Bond Ordinance

MATURITY DATE: _____, 2018

REGISTERED OWNER: KEYBANK, NATIONAL ASSOCIATION
WA-31-13-2548
1301 5th Avenue
Seattle, WA 98101

TAX IDENTIFICATION #: _____

PRINCIPAL AMOUNT: NOT TO EXCEED THREE MILLION FIVE HUNDRED
THOUSAND DOLLARS (or as much thereof as is shown on the
Loan Draw Record)

The City of North Bend, Washington, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "City"), hereby acknowledges itself to owe and for value received, promises to pay to the Registered Owner identified above, or registered assigns, an amount equal to the total outstanding incremental loan draws (the "Draws") made in accordance with the terms of this bond and the hereinafter defined Bond Ordinance.

This bond is issued pursuant to Ordinance No. _____ of the City Council, adopted on July 19, 2016 (the "Bond Ordinance"), to finance the costs of capital improvements to City facilities. Capitalized terms appearing on this bond and not otherwise defined herein have the meanings given those terms in the Bond Ordinance.

Reference is made to the Bond Ordinance for other covenants and declarations of the City and other terms and conditions upon which this bond has been issued, which terms and conditions are made a part hereof by this reference.

The City irrevocably and unconditionally covenants to the holder of this bond that it will keep and perform all of the covenants of this bond and the Bond Ordinance.

This bond and the Bond Ordinance may not be revised, amended or rescinded without the prior written consent of the owner of this bond.

The City may request Draws upon this bond in any amount on any LIBOR Business Day during the term of this bond subject to the terms of the Bond Ordinance. The terms of the Bond Ordinance are hereby incorporated by reference. No Draw may exceed the total amount of the costs to be paid from such Draw, and the proceeds of each Draw shall be used immediately to pay those costs, or to reimburse the City for such costs paid by the City. **The aggregate principal amount of outstanding Draws on this bond at any one time shall not exceed \$3,500,000.**

Both principal of and interest on this bond are payable in lawful money of the United States of America. Upon the final payment of principal and interest of this bond, the Registered Owner shall present and surrender this bond to the Assistant City Administrator/Finance Director of the City, as "Bond Registrar".

Draws on this bond shall bear interest at the LIBOR Index Rate as defined and in accordance with the additional terms as set forth in the Bond Ordinance. Interest on each Draw shall accrue from the date of that Draw and shall be computed in accordance and paid in accordance with the terms of the Bond Ordinance. Principal of this bond, together with all accrued and unpaid interest thereon, shall be payable on the Commitment Expiration Date, as defined in the Bond Ordinance (the "Maturity Date"), if not sooner paid.

If this bond is not paid when properly presented at the Maturity Date, the City shall be obligated to pay interest on this bond at the applicable rate of interest thereon from and after the Maturity Date until both principal and interest are paid in full.

The City has reserved the right and option to prepay this bond, in whole or in part, at any time prior to the Maturity Date as provided in the Bond Ordinance.

This bond is a general obligation of the City. The City hereby irrevocably covenants and agrees with the owner of this bond that it will include in its annual budget and levy taxes annually, within and as a part of the tax levy permitted to the City without a vote of the electorate, upon all the property subject to taxation in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

This bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and ordinances of the City, including the Bond Ordinance.

This bond is not transferable, except in whole to a Financial Institution.

This bond has not been designated as a “qualified tax-exempt obligation” for investment by financial institutions under Section 265(b) of the Internal Revenue Code of 1986, as amended.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and ordinances duly adopted by the City Council including the Bond Ordinance.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist and to have happened, been done and performed precedent to and in the issuance of this bond exist and have happened, been done and performed and that the issuance of this bond does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

IN WITNESS WHEREOF, the City of North Bend, Washington, has caused this bond to be executed by the manual or facsimile signatures of the Mayor and the City Clerk and the seal of the City imprinted, impressed or otherwise reproduced hereon as of this ____ day of _____, 2016.

[SEAL]

CITY OF NORTH BEND, WASHINGTON

By /s/ manual or facsimile
Mayor

ATTEST:

 /s/ manual or facsimile
City Clerk

REGISTRATION CERTIFICATE

This bond is registered in the name of the Registered Owner on the books of the City, in the office of the Bond Registrar, as to both principal and interest, as noted in the registration blank below. All payments of principal of and interest on this bond shall be made by the City from the Bond Fund.

Date of Registration	Name and Address of Registered Owner	Signature of Bond Registrar
_____, 2016	KeyBank, National Association WA-31-13-2548 1301 5th Avenue Seattle, WA 98101	Assistant City Administrator/Finance Director

The Loan Draw Record shall be substantially in the following form:

CITY OF NORTH BEND, WASHINGTON
LIMITED TAX GENERAL OBLIGATION BOND, 2016 (REVOLVING LINE OF CREDIT)

LOAN DRAW RECORD

	Date	Amount	Total
[Draw][Repayment]	_____	_____	_____
[Draw][Repayment]	_____	_____	_____
[Draw][Repayment]	_____	_____	_____
[Draw][Repayment]	_____	_____	_____
[Draw][Repayment]	_____	_____	_____
[Draw][Repayment]	_____	_____	_____
Repayment	_____	_____	_____

Section 9. Execution of Bond. The Bond shall be executed on behalf of the City with the manual or facsimile signature of the Mayor, and shall be attested by the manual or facsimile signature of the Clerk.

Only such Bond as shall bear thereon a Certificate of Authentication in the form earlier recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bond shall cease to be an officer or officers of the City before the Bond so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bond may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. The Bond may also be signed and attested on behalf of the City by such persons who at the date of the actual execution of the Bond, are the proper officers of the City, although at the original date of such Bond any such person shall not have been such officer of the City.

Section 10. Tax Covenants. The City shall take all actions necessary to assure the exclusion of interest on the Bond from the gross income of the owners of the Bond to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bond, including but not limited to the following:

(a) *Private Activity Bond Limitation.* The City shall assure that the proceeds of the Bond are not so used as to cause the Bond to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(b) *Limitations on Disposition of Improvements.* The City shall not sell or otherwise transfer or dispose of (i) any personal property components of the Improvements other than in the ordinary course of an established government program under Treasury Regulation 1.141-2(d)(4) or (ii) any real property components of the Improvements, unless it has received an opinion of nationally recognized bond counsel to the effect that such disposition shall not adversely affect the treatment of interest on the Bond as excludable from gross income for federal income tax purposes.

(c) *Federal Guarantee Prohibition.* The City shall not take any action or permit or suffer any action to be taken if the result of such action would be to cause the Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) *Rebate Requirement.* The City shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bond.

(e) *No Arbitrage.* The City shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the Bond which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bond would have caused the Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code.

(f) *Registration Covenant.* The City shall maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code until all Bond have been surrendered and canceled.

(g) *Record Retention.* The City shall retain its records of all accounting and monitoring it carries out with respect to the Bond for at least three years after the Bond mature or are redeemed (whichever is earlier); however, if the Bond are redeemed and refunded, the City shall retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the Bond.

(h) *Compliance with Federal Tax Certificate.* The City shall comply with the provisions of the Federal Tax Certificate with respect to the Bond, which are incorporated herein as if fully set forth herein. The covenants of this Section shall survive payment in full or defeasance of the Bond.

Section 11. No Undertaking to Provide Ongoing Disclosure. The City is exempt from the ongoing disclosure requirements of Securities and Exchange Council Rule 15c2-12 by reason

of the exemption set forth in subsection (d)(i) of that rule with respect to the issuance of securities in authorized denominations of \$100,000 or more.

Section 12. Financial Reporting. The City covenants and agrees, for so long as the Bond is outstanding, to provide the Bank within 270 days after the end of each Fiscal Year, financial statements as of the end of that fiscal year audited by the office of the Washington State Auditor; provided, however, that if the audit is not yet completed, such audit shall be delivered within 10 days of receipt thereof; and each annual budget of the City promptly after City's adoption thereof. The City further covenants and agrees to promptly provide Bank with other information as may reasonably be requested.

Section 13. Lost, Stolen or Destroyed Bond. In case the Bond shall be lost, stolen or destroyed, the City may execute and the Bond Registrar may deliver a new Bond of like date and tenor to the Bank and upon its filing with the Bond Registrar evidence satisfactory to said Bond Registrar that the Bond was actually lost, stolen or destroyed, and upon furnishing the Bond Registrar with indemnity satisfactory to the Bond Registrar.

Section 14. Extension of Maturity Date. In the event that the Bank and the City wish to extend the Commitment Expiration Date, on or before the date one hundred twenty (120) days prior to the then current Commitment Expiration Date, the City may provide written notice to the Bank, in the form of Exhibit B hereto, of its desire to extend the Commitment Expiration Date and requesting the Bank to continue to hold the Bond and make Draws hereunder. Such written notice shall include internally prepared full-year financial statements from the City for the Fiscal Year just ended unless such requirement is waived by the Bank in writing. The Bank will make reasonable efforts to respond to such request within thirty (30) days after receipt of all information necessary, in the Bank's reasonable judgment, to permit the Bank to make an informed credit decision. The Bank may, in its sole and absolute discretion, decide to accept or reject any such request and no consent shall become effective unless the Bank shall have consented thereto in writing. In the event the Bank fails to definitively respond to such request within such thirty (30) day period, the Bank shall be deemed to have refused to grant such request. Upon the Bank's written acceptance of such request, the Bank and the City may extend the Commitment Expiration Date by delivering a notice (an "*Extension Notice*") in the form of Exhibit B properly completed and executed by the City and the Bank to the Bond Registrar not less than twenty (20) days prior to the date on which such extension is to be effective, as specified in such notice. The consent of the Bank, if granted, shall be conditioned upon the preparation, execution and delivery of documentation and opinions in form and substance satisfactory to the Bank. By providing notice to the Bank in the form of Exhibit B hereto, the City shall be deemed to represent that (a) no Event of Default has occurred and is continuing, (b) no event has occurred and is continuing that is reasonably likely to result in a Material Adverse Effect and (c) all representations of the City made in this ordinance, including closing certificates referenced herein, are true and correct and are deemed to be made as of the date of such request. Any extension shall be for a minimum of one year and a maximum of two years.

Notwithstanding anything to the contrary in this Section 14, any extension of the Commitment Expiration Date shall require the approval of Council, which may be in the form of a new ordinance or may be in the form of an amendatory ordinance approving a terms and conditions for such extension.

Section 15. Events of Default and Remedies. This ordinance shall constitute a contract and shall be enforceable by the Bank as a contract under the laws of the State. The Bond shall not be subject to acceleration.

If an Event of Default is continuing in excess of ninety (90) days, the Bank may increase the interest rate on all outstanding principal on the Bond to the lesser of (i) the Default Rate and (ii) the Maximum Interest Rate by notice to the City, until the payment default has been cured. In the Event of Default, the Bank shall be under no obligation to provide any further Draws on the Bond, absent written agreement by the Bank to resume such Draws. In addition, in the Event of Default, the Bank may terminate the Commitment and shall be under no obligation to provide any further Draws on the Bond.

Section 16. Notices. All written notices to be given under this ordinance shall be given by first class mail, overnight courier or personal delivery to the party entitled thereto at its address set forth below. Notice shall be effective either (a) 48 hours after deposit in the United States of America first class mail or overnight courier, postage or charges prepaid, or (b) in the case of personal delivery to any person, upon actual receipt, or (c) in the case of electronic delivery, upon receipt of confirmation of delivery to the recipient.

Section 17. Patriot Act Notice. The City agrees upon a written notice from the Bank that pursuant to the requirements of the Patriot Act that the Bank is required to obtain, verify and record information that identifies the City, which information includes the name and address of the City and other information that will allow the Bank to identify the City in accordance with the Patriot Act, that the City shall promptly provide such information to the Bank.

Section 18. Waiver of Jury Trial. THE CITY, UPON RELIANCE THAT THE BANK HAS OR WILL COVENANT TO WAIVE THE SAME, HEREBY AGREES TO WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, BETWEEN THE BANK AND THE CITY ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS ORDINANCE, THE BOND OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED THERETO.

Section 19. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bond.

Section 20. Effective Date. This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 19th DAY OF JULY, 2016.

CITY OF NORTH BEND:

APPROVED AS TO FORM:

Ken Hearing, Mayor

Pacifica Law Group LLP, Bond Counsel

ATTEST/AUTHENTICATED:

Published: _____

Effective: _____

Susie Oppedal, City Clerk

Exhibit A

Form of Request for Draw

[Date]

KeyBank National Association
Paul Kazmierczak
Service Officer II
4900 Tiedeman Road
Brooklyn, Ohio 44144
216-813-4828
Fax Number: 216-370-5997
Email: KAS_Servicing@keybank.com

Ladies and Gentlemen:

The undersigned, **[Insert Name of Undersigned]** the _____ of the City of North Bend, Washington (the “City”), under that Ordinance No. _____ (the “Ordinance”) hereby gives notice irrevocably, pursuant to Section 7 of the Ordinance, of the Draw specified below. Capitalized terms used herein have the meanings set forth in the Ordinance.

1. The LIBOR Business Day of the proposed Draw is _____, 20__ (the “Draw Date”).
2. The principal amount of the proposed Draw is \$_____.
3. Wire transfer to:

Bank Name: _____
 ABA Routing No. _____
 Credit to: City of North Bend
 Account No.: _____
 Notify: _____ [person contact]
 (____) ____-____
 Reference: City of North Bend

3. The undersigned, hereby certifies that the following statements are true on the date hereof, and will be true on the Draw Date, before and after giving effect thereto.

(a) the representations of the City set forth the Ordinance (including those incorporated by reference) are true and correct in all material respects on and as of the date hereof, and shall be deemed to have been made on the date hereof;

(b) no Event of Default or Material Adverse Change has occurred and is continuing on the date hereof, or would result from the proposed Draw or from the application of the proceeds thereof;

(c) the proposed Draw will not violate any order, judgment or decree of any court or authority of competent jurisdiction entered against the City or any provision of law as then in effect as it affects the City;

(d) after giving effect to the proposed Draw, the aggregate principal amount of all Draws will not exceed the Maximum Facility Amount (\$3,500,000);

(e) no default has occurred and is continuing on the date hereof by the City under any agreement with the City for borrowing money, lease financing of property or provision of credit with the owner of the Bond or an affiliate of the owner of the Bond; and

(f) no default has occurred and is continuing on the date hereof by the City under any agreement for borrowing money, lease financing of property or provision of credit other than with the owner of the Bond or an affiliate of the owner of the Bond under which the City is an obligor where there is outstanding, owing or committed an aggregate amount in excess of \$250,000.

CITY OF NORTH BEND

By: _____
Name: _____
Title: _____

Exhibit B

Form of Request for Extension

[Date]

KeyBank National Association
Paul Kazmierczak, Service Officer II
4900 Tiedeman Road
Brooklyn, Ohio 44144
Fax Number: 216-370-5997

Ladies and Gentlemen:

The undersigned, **[Insert Name of Undersigned]** the **[Insert Title of Undersigned]** of the City of North Bend, Washington (the “City”), refers to Ordinance No. _____, the terms defined therein being used herein as therein defined, and pursuant to Section 14 of the Ordinance requests the Bank to extend the Commitment Expiration Date under the Ordinance to _____, 20___. City understands that any such extension shall only be effective if Bank signs the Agreement to Extend set forth below.

CITY OF NORTH BEND

By: _____
Name: _____
Title: _____

AGREEMENT TO EXTEND

KeyBank National Association hereby agrees to extend the Commitment Date to the date set forth above.

Date: _____

KEYBANK NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

CERTIFICATE

I, the undersigned, City Clerk of the City Council of the City of North Bend, Washington (the "City"), DO HEREBY CERTIFY:

1. The attached copy of Ordinance No. _____ (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on July 19, 2016, as that ordinance appears on the minute book of the City; and the Ordinance will be in full force and effect five (5) days after its adoption and publication as provided by law; and

2. A quorum of the members of the City Council was present throughout the meeting and a majority of those members present voted in the proper manner for the passage of the Ordinance.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of July, 2016.

Susie Oppedal, City Clerk



SUMMARY TERMS AND CONDITIONS

July 11, 2016

**City of North Bend, Washington
\$3,500,000
LTGO Secured Revolving Credit Facility**

The following terms and conditions outline a direct purchase financing option available through KeyBank, National Association (“Lender”).

- Borrower/Issuer:** City of North Bend, Washington (“Borrower” or the “City”).
- Lender:** KeyBank, National Association (“Lender”).
- Facility:** Up to \$3,500,000 Revolving Line of Credit (“Facility”).
- Purpose:** The purpose of the Facility will be to provide interim financing on projects for the City.
- Maturity:** The maturity date will be 3 years from closing.

Maturity extensions will be provided at the request of the Borrower and with the sole consent of the Bank. The Bank will notify the Borrower of the decision regarding the extension not later than 30 days after the request at no additional upfront cost to Borrower.
- Variable Interest Rate:** $(\text{One-Month LIBOR} + 2.58\%) \times (0.6501) = 1.99\% \text{ One-Month LIBOR}$ as of July 11, 2016 was 0.49%.

Variable interest rate will be adjusted every 30 days based on an index to the One-Month LIBOR rate. Interest will be calculated on the basis of 30 / 360 day count. In the event that the LIBOR Fixed Rate or any other index that may be used to calculate interest due is determined to be less than zero, such index shall be deemed to be zero for purposes of calculations of interest.
- Origination Fee:** \$20,000
- Commitment Fee:** 15 basis points per annum.

The commitment fee will be calculated against the average unused portion of the Facility, charged quarterly in arrears.
- Tax Status:** Tax-Exempt
- Repayment Terms:** Interest due on a monthly basis. All remaining principal and accrued interest due at Maturity.

Security: The Facility will constitute a general obligation of the City and is payable from tax revenues of the City and such other money as is lawfully available and pledged by the City for the payment of principal of and interest on the Facility. For as long as the Facility is outstanding, the City irrevocably will pledge to, in the manner provided by law, within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Facility as the same become due. Any such tax levy is subject to certain limitations. The full faith, credit, and resources of the City will be pledged irrevocably for the prompt payment of the principal of and interest on the Facility.

Prepayment: There will be no fee or penalty for prepayment, provided that any principal payments shall be made on a LIBOR reset date. Principal payments made outside of this schedule may be subject to break-funding fees associated with the Bank's LIBOR funding.

Representations, Warranties and Covenants: Customary representations, warranties and covenants for a Facility of this nature.

Covenants and Financial Reporting: Lender will require covenants including:

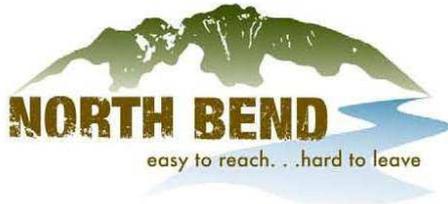
- (1) Default Interest Rate - 4% above the current Interest Rate for any outstanding payments in default, upon the occurrence of a payment default longer than 90 days, the default interest rate shall apply to all outstanding principal, until the payment default has been cured.
- (2) Waiver of Jury Trials - Issuer and Lender will agree to irrevocably waive all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to the Facility or the actions of the Borrower or Lender in the negotiation, administration, performance or enforcement.
- (3) Tax code revision - The Interest Rate on the Facility quoted herein takes into consideration a marginal maximum federal corporate tax rate of 35%. In the event of a decrease in the marginal maximum corporate tax rate, the Interest Rate on the Facility shall be increased by an amount the Lender specifies as required to maintain the expected after tax yield. In addition, if any amendments to existing law are enacted which would adversely affect the Lender's after tax yield, or if interest on the Facility becomes taxable or subject to the federal alternative minimum tax (except as such interest is already subject to the alternative minimum tax on the Closing Date), the interest rate shall be adjusted by an amount the Lender specifies as required in order to maintain their expected after tax yield, or the Lender may otherwise seek compensation from the City in amounts sufficient to maintain such expected after tax yield.
- (4) Financial Reporting - (a) Receipt of full-year audited financial statement within 270 days after fiscal year end. (b) Receipt of other information as Lender may from time to time reasonably request.

(5) Change in Federal Corporate Tax Rate - If the corporate federal tax rate decreases for any period during which the Bond is outstanding (whether or not any lender is actually taxed at said maximum marginal statutory rate), the City shall pay an additional amount to the lender on the amount outstanding on the Bond equal to the difference between the number equal to 1 minus the new corporate federal tax rate and 0.6501, multiplied by the sum of One-month LIBOR + 2.58%.

- Conditions:** Subject to credit approval. Term sheet expires August 15, 2016.
- Approval Process:** Upon being awarded the financing, a final credit write up will be completed by our credit underwriting team. KeyBank's credit approval and documentation process can be completed within 10 business days.
- Expenses:** The Borrower shall pay all costs and expenses related to the Facility, including but not limited to Issuer and Lender's Counsel, estimated at \$6,000.
- Other:** The terms and conditions of this proposal are not limited to the above terms and conditions. Those matters, which are not covered by or made clear in the above outline, are subject to mutual agreement of the parties.

This financing term sheet is provided for discussion purposes only and does not represent a commitment from Lender. It is to be used for internal use only and not to be disclosed to outside third parties without Lender's consent. This financing term sheet is intended as an outline of certain of the material terms of the Financing Agreement and does not purport to summarize all of the conditions, covenants, representations, warranties and other provisions which would be contained in definitive documentation for the Financing Agreement contemplated hereby.

This term sheet is issued in reliance upon the accuracy of all information presented by you to us and is contingent upon the absence of any material adverse change in your condition, financial or otherwise, from the condition as it was represented to us at the time of this proposal. This term sheet is subject to our formal approval and the execution of documentation acceptable to each of us. It is not a commitment by us to engage in this transaction. (a) KeyBank National Association ("KeyBank") is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you with respect to the information and material contained in this communication; (b) KeyBank is acting for its own interests; and (c) you should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.



City Council Agenda Bill

SUBJECT:		Agenda Date: July 19, 2016		AB16-078	
An Ordinance Amending North Bend Municipal Code Chapter 14.12 Relating to Floodplain Management		Department/Committee/Individual			
		Mayor Ken Hearing			
		City Administrator – Londi Lindell			
		City Attorney - Mike Kenyon			
		City Clerk – Susie Oppedal			
		Community & Economic Development – Gina Estep			
		Finance – Dawn Masko			
		Public Works Director – Mark Rigos			
		Senior Planner - Mike McCarty			
Cost Impact: N/A					
Fund Source: N/A					
Timeline: Immediate					
Attachments: Ordinance, Planning Commission Staff Report and Recommendation					
<p>SUMMARY STATEMENT:</p> <p>Amendments are proposed to North Bend Municipal Code Chapter 14.12, Floodplain Management to ensure compliance with the minimum criteria of the National Flood Insurance Program (NFIP). The amendments were identified by the Department of Ecology as a part of the November 15, 2015 Community Assistance Visit to North Bend, an activity that is a required part of participation in the NFIP.</p> <p>The substantive amendments are minor in nature, correcting a reference to current regulatory maps, providing regulatory statements required by the NFIP which don't add additional requirements, adding a severability clause, removing a permitting exemption for structures under 200 square feet, and adding a code cross reference to ensure that fully enclosed areas below the base flood elevation are properly constructed for non-residential construction. Much of the revision to the Code is organizational, moving unedited language into new sections and subsections to improve the utility and readability of NBMC Chapter 14.12.</p> <p>The Planning Commission reviewed the amendments at their May 26 and June 9, 2016 meetings, and held a public hearing and recommended approval on June 9, 2016.</p>					
<p>COMMITTEE REVIEW AND RECOMMENDATION: The Community and Economic Development Committee reviewed the Planning Commission's recommendation at their June 28, 2016 meeting and recommended approval.</p>					
<p>RECOMMENDED ACTION: Motion to approve AB16-078, an ordinance amending NBMC 14.12 relating to Floodplain Management, as a first and final reading.</p>					
RECORD OF COUNCIL ACTION					
<i>Meeting Date</i>		<i>Action</i>		<i>Vote</i>	
July 19, 2016					

ORDINANCE

AN ORDINANCE OF THE CITY OF NORTH BEND, WASHINGTON, RELATING TO FLOODPLAIN MANAGEMENT; AMENDING CHAPTER 14.12 OF THE NORTH BEND MUNICIPAL CODE; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of North Bend (“City”) participates in the National Flood Insurance Program (NFIP) administered by the Federal Emergency Management Agency (FEMA) and has adopted Chapter 14.12 of the North Bend Municipal Code in compliance with FEMA requirements; and

WHEREAS, the Washington State Department of Ecology conducted a Community Assistance Visit (CAV) at the City on November 15, 2015, a periodic activity that is required as part of participation in the NFIP, to evaluate the City’s floodplain management program; and

WHEREAS, the CAV identified deficiencies in the City’s floodplain management regulations contained in Chapter 14.12 NBMC, which the City must address to ensure compliance with the minimum NFIP criteria; and

WHEREAS, City staff have prepared amendments to NBMC 14.12 to correct the deficiencies identified during the CAV; and

WHEREAS, the draft amendments were forwarded to Commerce Growth Management Services on May 20, 2016, pursuant to RCW 36.70A.106; and

WHEREAS, a State Environmental Policy Act Determination of Non-Significance (SEPA DNS) was issued on the draft amendments on May 25, 2016, and no comments were received on the SEPA DNS; and

WHEREAS, the Planning Commission reviewed the draft amendments at their May 26 and June 9, 2016 meetings and recommended approval of the draft amendments on June 9, 2016; and

WHEREAS, the Planning Commission held a public hearing on the draft amendments at their June 9, 2016 meeting and received no comment on the amendments; and

WHEREAS, the City Council finds that the draft amendments address and are consistent with the requirements of Chapter 36.70A RCW, the Growth Management Act; and

WHEREAS, the City Council finds the City followed procedural requirements of Chapter 20.08 NBMC to notify and advertise amendments of the Code to the public and interested agencies and finds that both the Planning Commission and the City Council considered all written and verbal comments received during their respective public participation processes;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. NBMC 14.12 (Floodplain Management), Amended: Chapter 14.12 of the North Bend Municipal Code (Floodplain Management) is hereby amended to read as follows:

**Chapter 14.12
FLOODPLAIN MANAGEMENT¹**

Sections:

- 14.12.010 Applicability.
- 14.12.020 Severability.
- 14.12.030 Development permit.
- 14.12.040 Review of building permits.
- 14.12.050 Information to be obtained and maintained.
- 14.12.060 Alteration of watercourses.
- 14.12.020070 Performance standards – Flood hazard areas.
- ~~14.12.030 Allowed uses and activities – Flood hazard areas.~~
- 14.12.080 Construction materials and methods.
- 14.12.090 Utilities.
- 14.12.100 Subdivision and development proposals.
- 14.12.110 Residential construction.
- 14.12.120 Accessory buildings and accessory dwelling units.
- 14.12.130 Nonresidential construction.
- 14.12.140 Mobile/manufactured homes.
- 14.12.150 Recreational vehicles.
- ~~14.12.040160~~ Shallow flooding areas.
- 14.12.170 Substantial improvement.
- 14.12.180 Additions.
- 14.12.190 Critical facilities.
- 14.12.200 Floodways.
- 14.12.210 Floodplain habitat assessment.
- ~~14.12.050 Development permit.~~
- ~~14.12.060220~~ Critical area report.

14.12.010 Applicability.

This chapter shall apply to all areas of special flood hazards within the city. ~~Figure 7, Special Flood Hazard Map², identifies flood-prone areas mapped by FEMA. The map may be periodically revised by the city to add or remove areas based on additional information.~~

Areas of special flood hazard (also referred to as “special flood hazard areas” or “SFHA”) shall have the meaning ascribed in NBMC 14.05.200, which areas shall be determined by consideration of the following:

A. The areas of special flood hazard identified by the Federal Insurance Administration in a scientific and engineering report entitled “The Flood Insurance Study for King County, Washington, and Incorporated Areas” dated April 19, 2005, and any revisions thereto, with an accompanying Flood Insurance Rate Map (FIRM), and any revisions thereto, which are hereby adopted by reference as though fully set forth. The Flood Insurance Study (FIS) and the FIRM are on file at North Bend City Hall. The best available information for flood hazard area identification as outlined in NBMC 14.12.010(B) shall be the basis for regulation until a new FIRM is issued that incorporates data utilized under NBMC 14.12.010(B)~~The areas of special flood hazard identified by the Federal Insurance Administration (FIA) in a scientific and engineering report entitled “The Flood Insurance Study for the City” and associated flood insurance rate maps (FIRM) effective April 19, 2005. Such reports and maps are hereby adopted by reference and are on file at City Hall, North Bend, Washington; and~~

B. Those areas identified by the city based on review of base flood elevation and floodway data available from federal, state, county, or other valid sources when base flood elevation data has not been provided by the FIS or FIRM. ~~_____.~~

C. In the event of a conflict, the more restrictive provision shall apply.

~~Note: Per NBMC 14.12.030(E)(2), flood regulations for new residential construction apply to areas within the special flood hazard area (SFHA).~~

14.12.020 Severability.
If any provision of this chapter is held to be invalid or unconstitutional by any court of competent jurisdiction, such holding shall not affect the validity of the remaining provisions of this chapter.

14.12.030 Development permit.
A. A flood development permit shall be obtained before new construction, substantial improvement, or development begins within any area of special flood hazard ~~established in NBMC 14.12.010, except for small projects (other than filling, grading or excavating) valued at less than \$5,000 which are~~

~~exempted from building permits in the International Building Code as provided in NBMC 14.12.020. An applicant will need to obtain a floodplain permit in addition to other development permits when new construction or substantial improvements are proposed, and/or when proposed modifications will impact flood elevation. The city encourages property owners to use flood resistant materials and elevate new portions even when a flood permit does not enforce this activity. The permit shall be for all structures, including mobile and manufactured homes or nonlicensed recreational vehicles on-site for more than 180 days, as set forth in NBMC 14.12.020-140 and -.150, and for all other development including fill and other activities as defined in NBMC 14.05.200, also as set forth in NBMC 14.12.030 and 14.12.040.~~

B. Application for a development permit shall be made on forms furnished by the director and may include but not be limited to plans in duplicate drawn to scale showing the nature, location, dimensions, and elevations of the area in question, existing or proposed structures, fill, storage of materials, drainage facilities, and other information as identified on the application information sheet~~the location of the foregoing~~. These documents ~~will~~shall be maintained by the city for inspection of all records pertaining to the provisions of these critical areas regulations.

C. ~~The director may require a critical areas report for development within the floodplain. Specifically, the following information is required for critical areas review: The floodplain permit will require additional and more extensive information as identified on the application information sheet.~~

1. The base flood elevation (BFE) in relation to the lowest floor (including basement) of all structures located in the AE zone or within the ZAO zone. Identify the highest adjacent natural grade next to the building prior to construction;
2. Proposed floodproofing elevation in relation to the BFE or highest adjacent natural grade next to the building prior to construction;
3. Certification by a registered professional engineer or architect that the floodproofing methods for any nonresidential structure meet the floodproofing criteria in NBMC 14.12.130030(F);

4. A description of the extent to which a watercourse will be altered or relocated as a result of a proposed development;
5. The accuracy of said elevation as proposed and as built shall be certified by a licensed professional engineer and/or a professional land surveyor; and
6. All development permits for the site must be reviewed to ensure all necessary permits have been obtained from those federal, state, or local governmental agencies from which prior approval is required.

14.12.040 Review of building permits.

Where elevation data is not available either through the Flood Insurance Study, FIRM, or from another authoritative source identified within NBMC 14.12.010(B), applications for building permits shall be reviewed to assure that proposed construction will be reasonably safe from flooding; provided, that the elevation of the lowest floor (including basement) shall be at least two feet above the highest adjacent grade in those zones. The test of reasonableness is a local judgment and includes use of historical data, high water marks, photographs of past flooding, etc., where available.

14.12.050 Information to be obtained and maintained.

A. Where base flood elevation data is provided through the Flood Insurance Study, FIRM, or other source in accordance with NBMC 14.12.010, the applicant shall obtain and record the actual (as-built) elevation (in relation to mean sea level) of the lowest floor (including basement) of all new or substantially improved structures, and whether or not the structure contains a basement.

B. For all new or substantially improved floodproofed nonresidential structures where base flood elevation data is provided through the FIS, FIRM, or other source in accordance with NBMC 14.12.010:

1. The applicant shall obtain and record the elevation (in relation to mean sea level) to which the structure was floodproofed; and
2. The City shall maintain the floodproofing certifications required in NBMC 14.12.130.

C. The City shall maintain for public inspection all records pertaining to the provision of this chapter.

14.12.060 Alteration of watercourses.

Adjacent communities and the Department of Ecology must be notified prior to any alteration or relocation of a watercourse, and evidence of such notification must be submitted to the Federal Insurance Administration.

14.12.020–070 Performance standards – Flood hazard areas.

The following standards apply to development proposals and alterations on sites within special flood hazard areas:

A. A development proposal shall not increase the base flood elevation unless revisions to the FIRM are approved by FEMA in accordance with 44 CFR 70, and appropriate legal arrangements have been made and documents filed prior to issuance of a construction permit.

B. The following circumstances are presumed to produce no increase in base flood heights and shall not require special studies to establish this fact:

1. Reconstruction or remodeling of existing structures in the floodway where the structure's footprint is not increased;
2. Development of new residential structures outside the FEMA floodway on lots in existence before November 17, 1998;
3. Substantial improvements to existing residential structures in the floodplain but outside the FEMA floodway;
4. New development or substantial improvement in the area identified in the downtown commercial zoning district which is within the AO-1, AO-2, AO-3 or AE (outside the floodway) flood zone, provided in the AE flood zone it is presumed there is no increase in the base flood heights when limited to two feet below base flood elevation and above; and
5. Minor accessory structures exempt from building permits under the International Building Code.

C. The cumulative effect of any proposed development, where combined with all other existing and anticipated development on the site, shall not reduce the effective base flood storage volume of the floodplain. Except as exempted in ~~subsection B of this subsection~~ NBMC 14.12.070(B), grading

or other activity that would reduce the effective storage volume shall be mitigated by creating compensatory storage on-site, or off-site if legal arrangements can be made, to assure that the effective compensatory storage volume will be preserved over time; provided, however, that no increased upstream or downstream flood hazard shall be created by any fill authorized in the floodplain by this chapter or other applicable chapters.

D. If a lot has buildable site out of the special flood hazard area, all new structures shall be located there, when feasible. If the lot is fully in the floodplain, structures must be located to have the least impact on salmon.

E. If the proposed project will create new impervious surfaces so that more than 10 percent of the portion of the lot in the regulatory floodplain is covered by impervious surface, the applicant shall demonstrate that there will be no net increase in the rate and volume of the stormwater surface runoff that leaves the site or that the adverse impact is mitigated per the approved habitat mitigation assessment.

F. When fill is proposed to achieve elevated construction, a critical area report is required demonstrating that the proposal will not increase the base flood elevation.

G. If grading or other activity will displace any effective flood storage volume, compensatory storage shall be created on-site, or off-site if legal arrangements can be made, to assure that the effective compensatory storage volume will be preserved over time, in equivalent volume, at equivalent elevations to that being displaced. Compensatory storage areas must be hydraulically connected to the source of flooding. Alternatively, if feasible, the applicant may provide an increase in side channel habitat as mitigation for floodway alterations.

H. Approved alterations shall not block side channel habitats.

I. Where the floodway of either Gardiner Creek or Ribary Creek is not identified by the applicant in special studies, the entire floodplain of the site shall be treated as the floodway.

J. An analysis of bioengineering and/or vegetation enhancements will be required when existing levees or dikes are proposed to be repaired or renovated as specified in King County's Guidelines for Bank Stabilization.

~~14.12.030 Allowed uses and activities — Flood hazard areas.~~

~~The director may require the preparation of a critical area report for any of the uses and activities described below:~~

14.12.080 Construction materials and methods.

Construction materials and methods for residential and nonresidential structures shall meet the following criteria:

- A. All construction elevated by pilings must be designed and certified by a professional structural engineer registered in the state of Washington and approved by the city building official.
- B. All new substantial improvement to buildings and structures shall be constructed with materials and utility equipment resistant to flood damage, using methods and products that minimize flood damage; and
- C. Electrical, mechanical, plumbing, and other service facilities shall be floodproofed to the flood protection elevation on all new, substantially improved buildings.
- D. All new construction shall be anchored to prevent flotation, collapse, or lateral movement of the structure.

14.12.090 Utilities.

Utilities and on-site sewage facilities shall meet the following criteria:

- A. All new and replacement utilities including sewage treatment facilities shall be floodproofed to the flood protection elevation;
- B. New on-site sewage disposal systems shall be, to the extent possible, located outside the limits of the floodway and may be installed in the flood fringe if no feasible alternative site is available. On-site sewage disposal systems that are located within the flood hazard areas must be sited to avoid impairment of the system during flooding and to avoid contamination from the system during flooding;
- C. Sewage and manure waste storage facilities shall be floodproofed to the flood protection elevation;
- D. Buried utility transmission lines transporting hazardous substances (as defined by the Washington State Hazardous Waste Management Act in RCW 70.105.005) shall be buried a minimum of four feet beneath the maximum depth of scour

of the base flood for the entire width of the floodway and shall achieve sufficient negative buoyancy so that any potential for flotation or upward migration is eliminated; and

E. Aboveground utility transmission lines, not including electrical transmission lines, shall only be allowed in the floodway for the transportation of nonhazardous materials, as defined by the State Department of Ecology, where a bridge or other structure is capable of transporting the line.

14.12.100 Subdivision and development proposals.

Subdivisions, short subdivisions, master site plans, contract rezones, site plan/design review, planned residential developments, ~~PRDs~~ and binding site plans shall follow these requirements:

A. New buildable lots shall contain 5,000 square feet or more of buildable land outside the floodway;

B. Locate and construct all utilities and their facilities in a manner that minimizes flood damage;

C. Provide adequate drainage to reduce exposure to flood damage;

D. Base flood data and flood hazard notes shall be shown on the face of the recorded plat; this may include the floodwater depth, required flood elevations, and the boundary of the base flood and floodway as deemed appropriated by the city; and

E. Where base flood elevation data has not been provided or is not available from another authorized source, it shall be generated for subdivision proposals and other proposed developments that contain at least 50 lots or five acres (whichever is less);

F. The following note shall appear on the face of the recorded documents and shall be recorded on the title of records for all affected lots:

Note: Lots and structures located within special flood hazard areas may be inaccessible to emergency vehicles during flood events. Residents and property owners should take appropriate advance precautions to provide access.

14.12.110 Residential construction.

New residential construction and substantial improvements within the ~~special flood hazard area~~ (SFHA) shall meet the following criteria:

A. The lowest floor, including basement, shall be elevated two feet or more above base flood elevation; and

B. Fully enclosed areas below the lowest floor that are subject to flooding are prohibited. The area and rooms below the lowest floor shall be designated to automatically equalize hydrostatic flood forces on exterior walls by allowing for the entry and exit of floodwaters. Designs for meeting this requirement must meet or exceed the following minimum criteria:

- 1. A minimum of two openings shall be provided on opposite walls having a total new area of not less than one square inch for every square foot of enclosed area subject to flooding;
- 2. The bottom of all openings shall be no higher than one foot above grade; and
- 3. Openings may be equipped with screens, louvers, or other coverings or devices; provided, that they permit the unrestricted entry and exit of floodwaters.

14.12.120 Accessory buildings and accessory dwelling units.

~~Accessory Buildings and Accessory Dwelling Units.~~ Accessory uses or buildings (less than 200 square feet) are exempt from International Code building permits but do require a city of North Bend floodplain permit. ~~Exemptions to this requirement include small projects valued at \$5,000 or less which will not present a new obstruction to flood flows, alter drainage or have the potential to be a substantial improvement.~~ All accessory dwelling units require a floodplain permit. The following standards shall apply in the SFHA:

A. Accessory buildings, uses and dwelling units shall be designed to have low flood damage potential;:

B. Accessory buildings, uses and dwelling units shall be constructed and placed on the building site so as to offer the minimum resistance to the flow of floodwaters;:

C. Accessory buildings, uses and dwelling units shall be firmly anchored to prevent flotation that may result in damage to other structures;

D. For new buildings, accessory dwelling units, or substantial improvements, service facilities such as electrical and heating equipment shall be elevated or floodproofed;

E. Floodway encroachment standards must be met;

F. The portions of accessory buildings or dwelling units located below the BFE must be constructed of flood-resistant materials;

G. Accessory buildings and dwelling units must be designed to allow for the automatic entry of flood waters (i.e., they must have proper openings); and

H. Accessory dwelling units (ADUs) shall comply with all applicable sections of the NBMC.

14.12.130 Nonresidential construction.

New nonresidential construction and substantial improvements of any existing commercial, industrial, or other nonresidential structure that requires a building permit shall either:

A. eElevate the lowest floor, including the basement, a minimum of two feet ~~in the SFHA~~ or more above base flood elevation and meet the requirements of NBMC 14.12.110; or

B. #Floodproof the structure to the same elevation. If the structure is floodproofed, the following criteria are required:

A1. The floodproofing must be certified by a professional civil or structural engineer registered in the state of Washington stating that the floodproofing methods are adequate to withstand the flood-depths, pressures, velocities, impacts, uplift forces, and other factors associated with the base flood. After construction, the engineer shall certify that the permitted work conforms to the approved plans and specifications;

B2. Approved building permits for floodproofed nonresidential buildings shall contain a statement to notify applicants that flood insurance premiums will be based upon rates for structures that are one foot below the floodproofed level.

14.12.140 Mobile/manufactured homes.

For all mobile/manufactured homes, all standards for flood hazard protection for residential construction shall apply. All mobile/manufactured homes must be anchored and shall be installed using methods and practices that minimize flood damage. For existing mobile/manufactured homes where the repair/reconstruction of the utilities and pad equals or exceeds 50 percent of the value of utilities and pad before the repair/reconstruction has commenced, all standards for flood hazard protection applicable for residential construction shall apply to the mobile/manufactured home.

14.12.150 Recreational vehicles.

~~Recreational Vehicles.~~ Recreational vehicles placed on sites in the SFHA are required to either:

- A. Be on the site for fewer than 180 consecutive days; or
- B. Be fully licensed and ready for highway use, on wheels or jacking system, attached to the site only by quick disconnect type utilities and security devices, and have no permanently attached additions; or
- C. Meet the manufactured home elevation and anchoring requirements.

14.12.040-160 Shallow flooding areas.

Shallow flooding zones appear on FIRMs as AO zones with depth designations. The base flood depths in these zones range from one to three feet above ground where a clearly defined channel does not exist, or where the path of flooding is unpredictable and where velocity flow may be evident. Such flooding is usually characterized as sheet flow. In these areas, the following provisions apply:

- A. **Residential structures.** New construction and substantial improvements of residential structures within AO zones shall have the lowest floor (including basement) elevated above the highest adjacent grade of the building site, two feet or more above the depth number specified on the FIRM (at least two feet if no depth number is specified). Where appropriate, such structures shall be elevated above the crown of the nearest road, one foot or more above the depth number specified on the FIRM. Where hazardous velocities are noted on the FIRM, consideration shall be given to mitigating the effects of these velocities through proper construction techniques and methods.

B. Nonresidential structures. New construction and substantial improvements of nonresidential structures that require a building permit within AO zones shall either:

1. Have the lowest floor (including basement) elevated above the highest adjacent grade of the building site, one foot or more above the depth number specified on the FIRM (at least two feet if no depth number is specified). Where appropriate, such structure shall be elevated above the crown of the nearest road, one foot or more above the depth number specified on the FIRM; or
2. Together with attendant utility and sanitary facilities, be completely floodproofed to or above that level so that any space below that level is watertight with walls substantially impermeable to the passage of water and with structural components having the capability of resisting hydrostatic and hydrodynamic loads and effects of buoyancy. If this method is used, compliance shall be certified by a registered professional engineer or architect as defined under qualified professional. Where hazardous velocities were noted on the FIRM, consideration shall be given to mitigating the effects of these velocities through proper construction techniques and methods; or
3. Require adequate drainage pads around structures on slopes to guide floodwaters around and away from proposed structures.

14.12.170 Substantial improvement.

If a project is worth more than 50 percent of the assessed value (MAI appraised value may be used at owner choice) of the original building ~~if the project~~ is considered a “substantial improvement.” The building must then be elevated or otherwise brought up to current flood protection codes and other applicable city codes as required. To determine project value, the proposed project value shall be added to permitted additions or expansions to the building over the last 10 years. This provision will run with the property and not the property owner. Projects necessary to maintain the function of an existing building or structure such as electrical, mechanical, plumbing, roofing, siding, or windows shall be tracked for 180 days. Any outstanding permit for work on the building that has not received a final inspection or certificate of occupancy as required by the applicable construction code will be included in the calculation. This provision will run with the property owner and not the property.

14.12.180 Additions.

~~Additions.~~—Where expansion to an existing building or structure does not exceed 500 square feet and does not increase the building footprint more than 25 percent, and shares a common wall (one full side) with the primary structure, the addition shall not be required to elevate, but must be flood resistant to a minimum of two feet above BFE. Additions will require full adherence to flood regulations if the sum of all improvements over the last 180 days as described in ~~subsection O of this section~~NBMC 14.12.170 and additions over the last 10 years exceeds 50 percent of the current assessed value, or exceeds the addition size threshold above. This provision will run with the property and not the property owner.

14.12.190 Critical facilities.

Critical facilities include, but are not limited to, schools, hospitals, police, fire and emergency response installations, nursing homes, wastewater treatment plants, potable water and sanitary sewer system components, and hazardous materials production. Construction of new critical facilities shall only be allowed within the floodplain when no reasonable alternative site is available. Critical facilities constructed within the floodplain shall have the lowest floor elevated to three or more feet above the level of the base flood elevation. Floodproofing and sealing measures must be taken to ensure toxic or hazardous substances will not be displaced by or released into floodwaters. Access routes elevated to or above the level of the 100-year frequency flood shall be provided to all critical facilities to the extent possible.

14.12.200 Floodways.

A. Construction of new residential or commercial or industrial structures is prohibited within the floodway. New construction in nonconforming developments shall meet the construction standards set forth in this chapter.

B. Reconstruction of existing structures within the floodway shall be subject to the requirements of WAC 173-158-070; provided, that reconstruction of existing residential structures between the floodway defined in WAC 173-158-030~~(8)~~ and the floodway defined in this chapter need only meet the standards for new residential construction set forth in this chapter.

C. ~~Floodways.~~—Installations or structures that are floodway dependent may be located within the floodway; provided, that the development proposal receives approval from all other

agencies with jurisdiction. Such installations or structures include, but are not limited to:

1. Dams or diversions for water supply, flood control, hydroelectric production, irrigation, or fisheries enhancement;
2. Flood damage reduction facilities such as dikes, levees, and pumping stations when necessary to protect the public from an imminent hazard;
3. Stream bank stabilization structures are allowed only if no feasible alternative exists for protecting structures, public roadways, and flood protection facilities or sole access routes. Bank stabilization projects shall be consistent with Washington Department of Fish and Wildlife~~WDFW~~ and the National Marine Fisheries Service~~NMFS~~ guidelines and applicable sections of this chapter, and shall use bioengineering to the maximum extent possible;
4. Surface water conveyance facilities subject to the requirements of the development standards for streams and wetlands;
5. Boat launches and related recreation structures;
6. Bridge piers and abutments when no reasonable alternative is available; and
7. Approved aquatic area or wetland restoration projects to improve natural functions including, but not limited to fisheries enhancement projects;
8. Substantial improvements of existing structures, and minor accessory structures exempt from building permits under the International Building Code, only when in conformance with NBMC 14.12.~~020070~~;

D. Prohibited Encroachments. Encroachments in the floodway that are prohibited include new construction of residential, commercial or industrial structures. Other development is prohibited unless certification by a registered professional engineer is provided demonstrating through hydrologic and hydraulic analyses performed in accordance with standard engineering practice that the proposed encroachment would not result in any increase in flood levels during the occurrence of the base flood discharge.

14.12.210 Floodplain habitat assessment.

A floodplain habitat assessment and mitigation plan shall be required unless the CED director makes and documents a determination of no adverse effect on any species listed under the Endangered Species Act. If required, the habitat assessment and mitigation plan shall be prepared at the applicant's sole expense by a qualified consultant in accordance with the requirements of the Floodplain Habitat Assessment and Mitigation Draft Regional Guidance 2011 prepared by FEMA Region X, or any successor guidance document approved by FEMA for habitat assessment and mitigation. The city's actual costs of review of applicant's habitat assessment and mitigation plan shall be paid by the applicant per the adopted taxes, rates and fee schedule. Nondevelopment activities that do not meet the definition of development are allowed in the floodplain and do not require a floodplain permit or habitat assessment and mitigation consideration. ~~Exemptions—Exceptions permitted~~ under NBMC 14.05.085(A)(2) ~~that may require a floodplain permit~~ do not require a habitat assessment or mitigation consideration even if they may require a floodplain permit.

14.12.060-220 Critical area report.

The director may waive a critical area report when existing mapping and flood insurance study is determined to be adequate. When a critical area report is required the following ~~shall be included~~ provisions shall apply:

A. A critical area report for flood hazard areas shall be prepared by an engineer or hydrogeologist, licensed in the state of Washington, with expertise analyzing geologic, hydrogeologic and surface and ground water flow systems, and who has experience preparing reports for the relevant type of hazard.

B. In addition to the requirements of Chapter 14.05 NBMC, critical area reports required for special flood hazard areas shall include the following information:

1. On the site map:
 - a. The dimensioned location of all proposed development in the floodplain;
 - b. The location of the floodway where it has been delineated on the most recent flood insurance study map (FIRM) or by special studies for Gardiner or Ribary Creeks; where basin plans

have been completed and adopted. The location of the floodplain and floodways shall be based upon the hydrologic and hydraulic analysis; and

- c. Identification of all proposed structures and grading within the floodplain.
2. In the report:
- a. Identify how the boundaries of the floodways and floodplain were determined; and
 - b. Establish the elevation of the lowest floor of all new or substantially improved structures proposed in the existing floodplain, utilizing the North American Vertical Datum of 1988.

¹Prior legislation: Ords. 951 and 1088.

~~²See city website for current version.~~

Section 2. Severability: Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

Section 3. Effective Date: This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 19TH DAY OF JULY, 2016.

CITY OF NORTH BEND:

APPROVED AS TO FORM:

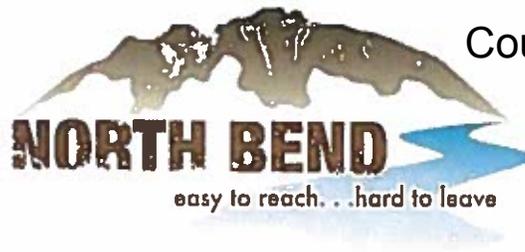
Kenneth G. Hearing, Mayor

Michael R. Kenyon, City Attorney

ATTEST/AUTHENTICATED:

Published:
Effective:

Susie Oppedal, City Clerk



**Staff Report to the Planning Commission
Amendments to NBMC 14.12 Floodplain Development Regulations to Address
Community Assistance Visit Requirements**

Date: June 9, 2016

Proponent: City of North Bend

I. Summary of Proposed Municipal Code Amendments:

(Summary provided by Christina Wollman, Perteet Inc., who is coordinating the City's update to these regulations.)

The Department of Ecology conducted a Community Assistance Visit (CAV) with the City of North Bend on November 15, 2015. As the coordinating agency for the National Flood Insurance Program (NFIP) within Washington State, the Department of Ecology conducts the visits on behalf of the Federal Emergency Management Agency (FEMA) to evaluate the community's floodplain management program.

A CAV occurs about every five years. The visit includes a tour of the community's floodplain, review of permit files and procedures, and a meeting with local officials. Any deficiencies or administrative issues identified during the CAV must be corrected within an established deadline. If the community does not take action to correct the identified issues, FEMA may initiate enforcement action against the community.

The North Bend CAV identified deficiencies within the floodplain management ordinance, NBMC 14.12. The code revisions are required in order to bring North Bend into compliance with the NFIP and avoid potential enforcement actions by FEMA.

In addition to the code revisions required by the CAV, additional updates were made to the floodplain management ordinance to provide better organization and more clarity. The following provides a summary of the major changes to the chapter:

1. **Section Headings** – Additional section headings were included and the existing code reorganized. This update will make the code more user friendly and easier to find specific regulations. This change also required updating section references throughout the chapter.
2. **14.12.010** – Reference to current regulatory maps is corrected.
3. **14.12.020** – Severability clause added.
4. **14.12.030 and 14.12.120** – Removed exemption for structures under 200 square feet. The NFIP requires a flood permit for all structures within the floodplain regardless of size.

5. 14.12.040 and 14.12.050 – Added regulatory statements required by the NFIP. These statements are for compliance only; they do not add additional regulation to the City’s floodplain program.
6. 14.12.130 – Added reference to residential construction requirements to ensure fully enclosed areas below base flood elevation are properly constructed.

The language of the draft amendments is provided in the attached Exhibit A. These code amendments must be adopted by August 3, 2016 under the terms of the City’s CAV.

Of note, further (and more substantive) updates to NBMC 14.12 are anticipated in preparation for the City’s Community Ratings System 5-Year Cycle Update (recertification) by the Federal Emergency Management Agency (FEMA), which will occur this summer. Christina Wollman from Perteet will be coordinating that effort as well, and amendments will be brought to the Planning Commission for that process at future meetings.

Therefore, this current round of amendments is focused on those items identified by the Department of Ecology. In order to meet the August 3 deadline for the requirements of this CAV, staff requests that while the Planning Commission may identify further amendments desired, we take note of them but defer extensive deliberation on them to the more extensive Community Ratings System update in August.

II. Impacts of Proposed Amendment

NBMC 20.08.070 and .080 requires that applications for municipal code amendments be evaluated for their environmental, economic and cultural impacts, as well as impacts to surrounding properties. These impacts are evaluated below.

- 1) **Environmental Impacts.** The amendments are minor in nature and don’t result in additional environmental impacts from development.
- 2) **Economic Impacts.** Economic impacts would be minor from the proposed amendments, resulting from requiring permitting for structures that are currently exempt from review (sheds under 200 square feet).
- 3) **Cultural Impacts.** No significant cultural impacts are anticipated from the amendments.
- 4) **Impacts to Surrounding Properties.** No negative impacts to surrounding properties are anticipated from the amendments.

III. Compatibility of Proposed Amendment with North Bend Comprehensive Plan (NBCP)

In accordance with NBMC 20.08.070 and .080, applications for municipal code amendments must be evaluated for compliance with the Comprehensive Plan. The Comprehensive Plan Critical Areas Element describes broad objectives of preserving the flood storage function of floodplains and protecting the public from flood hazards. More specifically, the City’s 2012 Floodplain Management Plan discusses the need to comply with the standards of the National Flood Insurance Program and to

maintain the City's status as Class 6 Community in the Community Ratings System. The proposed amendments are necessary for achieving both of these objectives.

IV. Compatibility of Proposed Amendment with the North Bend Municipal Code (NBMC)

In accordance with NBMC 20.08.070 and .080, applications for municipal code amendments must be evaluated for compliance with the North Bend Municipal Code. The amendments specifically amend the floodplain management regulations, Chapter 14.12 of the North Bend Municipal Code, and the amendments are not inconsistent with other provisions of the municipal code.

Planning Commission Findings and Analysis

Pursuant to NBMC 20.08.100, the Planning Commission shall consider the following criteria with respect to a proposed amendment the criteria in NBMC 20.08.100 (B) as follows: (Staff analysis is provided in italics under each criterion below).

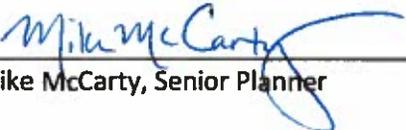
1. Is the issue already adequately addressed in the Comprehensive Plan?
The amendments are necessary to maintain the City's conformance to the criteria of the National Flood Insurance Program, which is an objective stated in the City's 2012 Floodplain Management Plan.
2. If the issue is not addressed in the Comprehensive Plan, is there a need for the proposed change?
Yes. The need for the amendments is clarified in the introduction section above.
3. Is the proposed change the best means for meeting the identified public need?
Yes. The amendments have been directly requested by the Department of Ecology for the City to ensure conformance to the requirements of the National Flood Insurance Program.
4. Will the proposed change result in a net benefit to the community?
Yes. The code amendments will ensure that the City maintains conformance to the requirements of the National Flood Insurance Program and, together with pending amendments for the Community Ratings System 5-Year Cycle Update, ensures that it does not lose points toward its Community Rating classification, which provides property owners within the floodplain a discount on their flood insurance premiums.

Summary Findings:

1. The Planning Commission reviewed the draft amendments at their May 26 and June 9, 2016 meetings.
2. Pursuant to RCW 36.70A.106, the draft amendments were forwarded to Commerce - Growth Management Services on May 20, 2016.
3. A State Environmental Policy Act Determination of Nonsignificance and Notice of Hearing was issued and published in the Valley Record on May 25, 2016. No comments for the SEPA or Public Hearing were received.
4. The Planning Commission held a public hearing on the proposed amendments at their June 9, 2016 meeting. No comments were received at the hearing.
5. The proposed amendments are consistent with the procedures established in NBMC 20.08, *Comprehensive Plan and Development Regulations Amendment Procedures*. The Planning Commission finds that the proposed amendments are consistent with the criteria in NBMC 20.08.100(B) and would result in a net benefit to the community.

Staff Recommendation

Based on the findings above, Staff recommends approval of the amendments as provided in the attached Exhibit A.



Mike McCarty, Senior Planner

6/13/2016
Date

Planning Commission Recommendation

Following consideration of the Comprehensive Plan and Development Regulation Amendment process in NBMC 20.08.070 through 20.08.110, the Planning Commission recommends approval of amendments as provided in the attached Exhibit A.

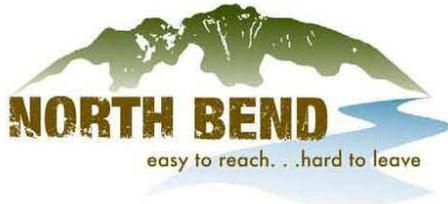


Planning Commission Chair

6/13/2016
Date

Exhibits

Exhibit A – Proposed Municipal Code Amendments



City Council Agenda Bill

SUBJECT:		Agenda Date: July 19, 2016		AB16-079	
An Ordinance Adopting North Bend Municipal Code Chapter 17.40 to Establish an Impact Fee Deferral Process		Department/Committee/Individual			
		Mayor Ken Hearing			
		City Administrator – Londi Lindell			
		City Attorney - Mike Kenyon			
		City Clerk – Susie Oppedal			
		Community & Economic Development – Gina Estep		X	
		Finance – Dawn Masko			
		Public Works Director – Mark Rigos			
Cost Impact: N/A					
Fund Source: N/A					
Timeline: September 1, 2016					
Attachments: Ordinance					
<p>SUMMARY STATEMENT:</p> <p>The City collects impact fees pursuant to the authority granted under RCW 82.02.050. Last year, the Washington State Legislature passed ESB 5923 Chapter 241, Laws of 2015, amending RCW 82.02.050 and requiring cities to adopt by September 1, 2016, a deferral process for the payment of impact fees for single-family detached and single-family attached residential construction.</p> <p>With regard to adopting a new deferral process, cities have three decisions to make:</p> <ol style="list-style-type: none"> 1) Which condition triggers payment of the fees (final inspection, certificate of occupancy, or time of sale); 2) Whether or not to require an administrative fee with the request for deferral (administrative fees are allowed as “reasonable” to account for the implementation of this process); 3) Whether or not to grant deferrals beyond the 20-house limit. <p>Amendments are proposed to add a new chapter to NBMC Title 17 establishing an impact fee deferral process in compliance with the new state law. The attached draft ordinance was prepared with the understanding that North Bend wanted final inspection to trigger payment, that the City <i>would</i> require an administrative fee for deferral requests, and that no additional deferrals would be granted beyond the 20-house limit.</p>					
<p>COMMITTEE REVIEW AND RECOMMENDATION: The Community and Economic Development Committee reviewed the Planning Commission’s recommendation at their June 28, 2016 meeting and recommended approval.</p>					
<p>RECOMMENDED ACTION: Motion to approve AB16-079, an ordinance adopting North Bend Municipal Code Chapter 17.40 to establishing an Impact Fee Deferral Process, as a first and final reading.</p>					
RECORD OF COUNCIL ACTION					
<i>Meeting Date</i>		<i>Action</i>		<i>Vote</i>	
July 19, 2016					

ORDINANCE

AN ORDINANCE OF THE CITY OF NORTH BEND, WASHINGTON, ADDING A NEW NORTH BEND MUNICIPAL CODE CHAPTER 17.40 ESTABLISHING AN IMPACT FEE DEFERRAL PROCESS; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of North Bend is authorized by Chapter 82.02 RCW to require new growth and development within the City to pay a proportionate share of the cost of new facilities to serve such new growth and development through the assessment of impact fees; and

WHEREAS, pursuant to such authority and the police powers of the City, the City has enacted Chapters 17.32, 17.34, 17.36, and 17.38 of the North Bend Municipal Code establishing such impact fees; and

WHEREAS, on April 16, 2015, the Washington State Legislature passed ESB 5923, Chapter 241, Laws of 2015, which requires cities to adopt a deferral process for the payment of impact fees for single-family detached and single-family attached residential construction; and

WHEREAS, the City's proposed impact fee deferral process relates solely to governmental procedures and contains no substantive standards respecting use or modification of the environment and is therefore exempt from SEPA review pursuant WAC 197-11-800(19);

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. New Chapter 17.40 NBMC (Impact Fee Deferral) Added. A new North Bend Municipal Code Chapter 17.40, entitled "Impact Fee Deferral," is hereby adopted to read as follows:

Chapter 17.40 IMPACT FEE DEFERRAL

Sections:	
17.40.010	Purpose
17.40.020	Applicability
17.40.030	Impact Fee Deferral

- 17.40.040 Deferral Term**
- 17.40.050 Deferred Impact Fee Lien**
- 17.40.060 Limitation on Deferrals**

17.40.010 Purpose

The purpose of this chapter is to comply with the requirements of RCW 82.02.050, as amended by ESB 5923, Chapter 241, Laws of 2015, to provide an impact fee deferral process for single-family residential construction, in order to promote economic recovery in the construction industry.

17.40.020 Applicability

A. The provisions of this chapter shall apply to all impact fees established and adopted by the City pursuant to Chapter 82.02 RCW, including school impact fees, fire impact fees, park impact fees, and transportation impact fees as codified in Title 17 of the North Bend Municipal Code.

B. Subject to the limitations imposed in NBMC 17.40.060, the provisions of this chapter shall apply to all building permit applications for single-family detached and single-family attached residential construction submitted pursuant to Chapter 15.02 NBMC. For the purposes of this chapter, an “applicant” includes an entity that controls the named applicant, is controlled by the named applicant, or is under common control with the named applicant.

17.40.030 Impact Fee Deferral

A. Deferral Request Authorized. Applicants for single-family attached or single-family detached residential building permits may request to defer payment of required impact fees until final inspection, which request shall be granted so long as the requirements of this chapter are satisfied. If a deferral request is granted under this section, the City shall withhold certification of final inspection until the impact fees have been paid in full.

B. Method of Request. A request for impact fee deferral shall be made in writing on a form provided by the City, and submitted contemporaneously with the associated building permit application. Any request for impact fee deferral must be accompanied by an administrative fee in an amount determined by resolution of the City Council.

C. Calculation of Impact Fees. The amount of impact fees to be deferred under this chapter shall be determined as of the date the request for deferral is submitted.

17.40.040 Deferral Term

The term of an impact fee deferral granted under this chapter may not exceed eighteen (18) months from the date the building permit is issued (“Deferral Term”). If the condition triggering payment of the deferred impact fees does not occur prior to the expiration of the Deferral Term, then full payment of the impact fees shall be due on the last date of the Deferral Term.

17.40.050 Deferred Impact Fee Lien

A. Applicant’s Duty to Record Lien. An applicant requesting a deferral under this chapter must grant and record a deferred impact fee lien, in an amount equal to the deferred impact fees as determined under NBMC 17.40.030(C), against the property in favor of the City in accordance with the requirements of RCW 82.02.050(3)(c).

B. Satisfaction of Lien. Upon receipt of final payment of all deferred impact fees for the property, the City shall execute a release of deferred impact fee lien for the property. The property owner at the time of the release is responsible, at his or her own expense, for recording the lien release.

17.40.060 Limitation on Deferrals

The deferral entitlements allowed under this chapter shall be limited to the first twenty (20) single-family residential construction building permits per applicant, as identified by contractor registration number or other unique identification number, per year.

Section 2. Severability. Should any section, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

Section 3. Effective Date. This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force beginning September 1, 2016.

**ADOPTED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND,
WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 19TH DAY OF
JULY, 2016.**

CITY OF NORTH BEND:

APPROVED AS TO FORM:

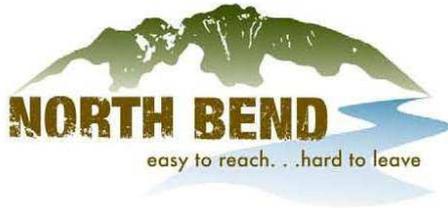
Kenneth G. Hearing, Mayor

Michael R. Kenyon, City Attorney

ATTEST/AUTHENTICATED:

Published:
Effective: September 1, 2016

Susie Oppedal, City Clerk



City Council Agenda Bill

SUBJECT:		Agenda Date: July 19, 2016		AB16-080		
<p>A Resolution Setting an Administrative Fee for Requests to Defer Impact Fees in Accordance with NBMC 17.40.030</p> <p>Cost Impact: N/A</p> <p>Fund Source: N/A</p> <p>Timeline: September 1, 2016</p>		Department/Committee/Individual				
		Mayor Ken Hearing				
		City Administrator – Londi Lindell				
		City Attorney – Mike Kenyon				
		City Clerk – Susie Oppedal				
		Community & Economic Development – Gina Estep				X
		Finance – Dawn Masko				
		Public Works Director – Mark Rigos				
Attachments: Resolution						
<p>SUMMARY STATEMENT:</p> <p>The new Impact Fee Deferral process adopted in Chapter 17.40 NBMC requires developers to pay an administrative fee to account for the processing of an impact fee deferral request. NBMC 17.40.030(B) states that the administrative fee be set by a resolution. The reason the fee is set by a separate resolution is so that it may be adjusted in the future, if needed, without requiring an amendment to the City Code.</p> <p>The attached resolution sets the administrative fee equal to the amount of actual costs incurred. The resolution directs that the new fee be reflected in the next update to the Fee Schedule, but does not actually amend the Fee Schedule at this time.</p>						
<p>COMMITTEE REVIEW AND RECOMMENDATION: The Community and Economic Development Committee reviewed this at their June 28, 2016 meeting and recommended approval.</p>						
<p>RECOMMENDED ACTION: Motion to approve AB16-080, a resolution setting an administrative fee for requests to defer impact fees in accordance with NBMC 17.40.030.</p>						
RECORD OF COUNCIL ACTION						
<i>Meeting Date</i>		<i>Action</i>		<i>Vote</i>		
July 19, 2016						

RESOLUTION

A RESOLUTION OF THE CITY OF NORTH BEND, WASHINGTON, SETTING AN ADMINISTRATIVE FEE FOR REQUESTS TO DEFER IMPACT FEES IN ACCORDANCE WITH SECTION 17.40.030 OF THE NORTH BEND MUNICIPAL CODE

WHEREAS, the City of North Bend (“City”) collects impact fees pursuant to the authority granted under Chapter 82.02 RCW; and

WHEREAS, to comply with recent changes in state law, on July 19, 2016, the City Council adopted a new Chapter 17.40 of the North Bend Municipal Code (NBMC), implementing an impact fee deferral process for single-family residential construction, in order to promote economic recovery in the construction industry; and

WHEREAS, NBMC 17.40.030(B) requires that requests for deferral of impact fees be accompanied by an administrative fee in an amount determined by resolution of the City Council;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. Processing Fee for Impact Fee Deferrals Requested Pursuant to Chapter 17.40 NBMC: The administrative fee required under NBMC 17.40.030(B) for a request for impact fee deferral (“Impact Fee Deferral Processing Fee”) shall be equal to the actual costs incurred by staff in processing such requests.

Section 2. Update to Taxes, Rates, and Fees Schedule: The City Clerk is directed to include the Impact Fee Deferral Processing Fee, as set forth in Section 1 of this Resolution, in the next update to the City’s Taxes, Rates and Fees Schedule.

PASSED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 19TH DAY OF JULY, 2016.

CITY OF NORTH BEND:

APPROVED AS TO FORM:

Kenneth G. Hearing, Mayor

Michael R. Kenyon, City Attorney

ATTEST/AUTHENTICATED:

Effective: September 1, 2016
Posted:

Susie Oppedal, City Clerk



City Council Agenda Bill

SUBJECT:	Agenda Date: July 19, 2016		AB16-081
A Motion Authorizing a Contract for Services with the North Bend Downtown Foundation to Operate and Manage the North Bend Visitor Information Center	Department/Committee/Individual		
	Mayor Ken Hearing		
	City Administrator – Londi Lindell		
	City Attorney - Mike Kenyon		
	City Clerk – Susie Oppedal		
	Community & Economic Development – Gina Estep		X
	Finance – Dawn Masko		
	Public Works – Mark Rigos		
Cost Impact: \$48,520			
Fund Source: Human Service Funding \$14,920, Hotel/Motel Tax \$9,000 and Economic Development Fund \$24,600			
Timeline: Immediate			

Attachments: Contract with Scope of Services

SUMMARY STATEMENT:

The North Bend Visitor Information Center and Mountain View Art Gallery began as a collaborative effort between the City of North Bend and the North Bend Downtown Foundation to create a signature facility at the gateway of North Bend’s historic downtown area to house a Visitor Information Center and Art Gallery. The modern Northwestern style center is operated by the North Bend Downtown Foundation and features a vibrant space for local artists to exhibit their talents as well as a growing array of brochures and pamphlets containing information about local tourist sites and activities. In addition, visitors are offered a “high tech” approach to access information via two 24 inch touch screen computers. The VIC is open Wednesday through Sunday and closed on Monday and Tuesday.

The VIC and Gallery represent a huge step toward downtown revitalization and growing community pride through volunteer efforts. The VIC is not just a place to obtain visitor information, it is the venue for small boutique events and local artists to show their art work within the Mountain View Art Gallery and Plaza.

With the approval of the 2015/16 Budget and associated Decision Card, the City agreed to enter into an operations agreement with the Downtown Foundation providing for the payment by the City to the Foundation in the amount of \$48,520 to operate and manage the Visitor Information Center as described in the Scope of Work hereby attached as Exhibit A to the contract.

The Foundation Board has been working to develop future revenue sources. We secured a few grants through 4culture in the amount of approximately \$12,130 for special projects. The first grant in the amount of \$1,500 was allocated to Fixed Asset Purchases. This grant helped purchase some of the assets necessary to operate the VIC and Mountain View Art Gallery. The second grant in the amount of \$5,750 was allocated for Art and Artist Showing/Receptions. These funds can support art efforts through the end of June 2017. The third grant in the amount of \$4,880 was allocated for the development of the “North Bend Heritage and Tourism Map”. This map is a necessary piece of collateral for the VIC and North Bend to successfully promote the city to citizens, visitors and the region. The map will also become a fund raiser in future years through revenue generated by the ad space sold to local businesses.

Additional fundraising efforts by the Downtown Foundation also include the Legends Car Show (held on Sunday of Block Party weekend) which was recruited last year in an effort to support local business owners with an interest in classic cars and the Chaplin’s dealership. The proceeds from the Legends Car Show are split between the Foundation and Legends. The car show generated \$2,471 for the Foundation last year and it is expected to grow significantly this year since the Kirkland Car Show was cancelled. The Foundation also partners with Boxley’s (now JazzNW) to operate the Block Party Beer Garden which generated \$3,933 for the Foundation last year.

City Council Agenda Bill

In the future, the funding source will come predominately from hotel/motel tax, revenue generated by the VIC and possibly a small amount from Economic Development. The Marriot Fairfield has recently submitted a building permit, and although incomplete, the applicant continues to slowly make progress. We anticipate the hotel to be constructed in Fall 2017 and open in 2018.

Funding for the VIC will come from the following sources between now and 2018.

1. 2016: Human Service Funding \$14,920, Hotel/Motel Tax \$9,000 and Economic Development Fund \$24,600
2. 2017: Human Service Funding \$14,920, Hotel/Motel Tax \$9,000 and Economic Development Fund \$24,600
3. 2018: \$40,000 from Hotel/Motel Tax (pending hotel construction schedule), and \$8,520 Economic Development Fund.

COMMITTEE REVIEW AND RECOMMENDATION: The CED Committee reviewed this contract on June 28, 2016 and recommended approval.

RECOMMENDED ACTION: **MOTION to approve AB16-081, authorizing a contract for services with the North Bend Downtown Foundation to operate and manage the North Bend Visitor Information Center for 2016, in a form and content acceptable to the City Attorney.**

RECORD OF COUNCIL ACTION

<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
July 19, 2016		

CONTRACT FOR SERVICES
City of North Bend and North Bend Downtown Foundation

This Agreement is entered into by and between the City of North Bend, Washington, a non-charter optional municipal code city, hereinafter referred to as “the City,” and North Bend Downtown Foundation, hereinafter referred to as “the Agency,” whose mailing address is P.O. Box 59, North Bend, Washington, 98045.

WHEREAS, the City has determined the need to have certain services performed for its citizens and tourists alike for visitor information; and

WHEREAS, the City desires to have the Agency perform such services pursuant to certain terms and conditions;

NOW, THEREFORE,

IN CONSIDERATION OF the mutual benefits and conditions set forth below, the parties hereto agree as follows:

1. **Scope of Services to be Performed by Agency.** The Agency shall perform those services described on Exhibit “A” attached hereto and incorporated herein by this reference as if fully set forth. In performing such services, the Agency shall at all times comply with all federal, state, and local statutes, rules, and ordinances applicable to the performance of such services and the handling of any funds used in connection therewith.
2. **Compensation and Method of Payment.** The City shall pay the Agency at total of \$48,520 for services rendered in 2016.
3. **Duration of Agreement.** This Agreement shall be in full force and effect for a period commencing January 1, 2016, and ending December 31, 2016, unless sooner terminated under the provisions hereinafter specified.
4. **Independent Contractor.** The Agency and the City agree that the Agency is an independent contractor with respect to the services provided pursuant to this Agreement. Nothing in this Agreement shall be considered to create the relationship of employer and employee between the parties hereto. Neither the Agency nor any employee of the Agency shall be entitled to any benefits accorded City employees by virtue of the services provided under this Agreement. The City shall not be responsible for paying, withholding, or otherwise deducting any customary state or federal payroll deductions, including but not limited to FICA, FUTA, state industrial insurance, state workers compensation, or otherwise assuming the duties of an employer with respect to the Agency or any employee of the Agency.

5. **Indemnification.** The Agency shall indemnify, defend, and hold harmless the City, its agents, and employees from and against any and all liability and damages arising from injury or death to persons or damage to property resulting in whole or in part from negligent acts or omissions of the Agency, its agents, servants, officers, or employees, irrespective of whether in connection with such act or omission it is alleged or claimed that an act of the City, its agents, or employees caused or contributed thereto. In the event that the City shall elect to defend itself against any claim or suit arising from such injury, death, or damage, the Agency shall, in addition to indemnifying and holding the City harmless from any liability and damages, indemnify the City for any and all expenses incurred by the City in defending such claim or suit, including reasonable attorneys' and expert witness fees. It is further specifically and expressly understood that the indemnification provided herein constitutes the Agency's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this contract.

6. **Insurance.**
 - A. The Agency shall procure and maintain in full force throughout the duration of the Agreement comprehensive general liability insurance with a minimum coverage of \$ 1,000,000 per occurrence/aggregate for personal injury and property damage. Said policy shall name the City of North Bend as an additional named insured and shall include a provision prohibiting cancellation or reduction in the amount of said policy except upon thirty (30) days prior written notice to the City. Cancellation of the required insurance shall automatically result in termination of this Agreement.

 - B. In addition to the insurance provided for in Paragraph A above, if applicable, the Agency shall procure and maintain in full force professional liability insurance for those services delivered pursuant to this Agreement that, either directly through Agency employees or indirectly through contractual or other arrangements with third parties, involve providing professional services. Such professional liability insurance shall be maintained in an amount not less than \$ N/A combined single limit per claim/aggregate. For the purposes of this Paragraph "professional services" shall include, but not be limited to, the provision of any services provided by any licensed professional.

 - C. Certificates of coverage as required by Paragraphs A and B above shall be delivered to the City within fifteen (15) days of execution of this Agreement.

7. **Record Keeping and Reporting.**
 - A. The Agency shall maintain accounts and records, including personnel, property, financial, and programmatic records, which sufficiently and properly reflect all direct and indirect costs of any nature expended and services performed pursuant to this Agreement. The Agency shall also maintain such other records as may be deemed necessary by the City to ensure proper accounting of all funds contributed by the City to the performance of this Agreement and compliance with this Agreement.
 - B. These records shall be maintained for a period of seven (7) years after termination hereof unless permission to destroy them is granted by the Office of the Archivist in accordance with RCW Chapter 40.14 and by the City.
8. **Audits and Inspections.** The records and documents with respect to all matters covered by this Agreement shall be subject at all times to inspection, review, or audit by law during the performance of this Agreement. The City shall have the right to conduct an audit of the Agency's financial statement and condition and to a copy of the results of any such audit or other examination performed by or on behalf of the Agency.
9. **Termination.** This Agreement may at any time be terminated by the City upon giving to the Agency thirty (30) days written notice of the City's intention to terminate the same. If the Agency's insurance coverage is canceled for any reason, the City shall have the right to terminate this Agreement immediately.
10. **Discrimination Prohibited.** The Agency shall not discriminate against any employee, applicant for employment, or any person seeking the services of the Agency under this Agreement on the basis of race, color, religion, creed, sex, age, national origin, marital status, or presence of any sensory, mental, or physical handicap.
11. **Assignment and Subcontract.** The Agency shall not assign or subcontract any portion of the services contemplated by this Agreement without the prior written consent of the City.
12. **Entire Agreement.** This Agreement contains the entire agreement between the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or bind any of the parties hereto. Either party may request changes to the Agreement. Proposed changes which are mutually agreed upon shall be incorporated by written amendments to this Agreement.

13. **Notices.** Notices to the City of North Bend shall be sent to the following address:

City Clerk
City of North Bend
P.O. Box 896
North Bend, Washington 98045
Phone number: (425) 888-7627

Notices to the Agency shall be sent to the following address:

North Bend Downtown Foundation
P.O. Box 59
North Bend, Washington 98045
Phone number: 425.233.4499

14. **Applicable Law; Venue; Attorneys' Fees.** This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. In the event any suit, arbitration, or other proceeding is instituted to enforce any term of this Agreement, the parties specifically understand and agree that venue shall be exclusively in King County, Washington. The prevailing party in any such action shall be entitled to its attorneys' fees, expert witness fees, and costs of suit.

CITY OF NORTH BEND, WASHINGTON

NORTH BEND DOWNTOWN FOUNDATION

By: _____

By: _____

Title: _____

Title _____

Date: _____

Date: _____

Attest/Authenticated:

City Clerk

Approved As To Form:

Michael R. Kenyon, City Attorney

EXHIBIT A

Scope of Services to be Provided by Agency. The Agency shall furnish services including, but not limited to, the following:

- A. Manage and Operate the North Bend Visitor Information Center and Mountain View Gallery, which includes;
 - 1) The VIC will be open 5 days a week, Wednesday – Sunday, with some variation for holiday weeks.
 - 2) Hire, manage and pay staff as necessary to operate the VIC and Art Gallery.
 - 3) The agency will be responsible to purchase all operating supplies necessary to manage and operate the VIC. This includes but is not limited to: clerical supplies (paper, ink, pens, files, staples), restroom supplies and all other operating needs.
 - 4) Support City Branded Events and host at a minimum of six events throughout the year at the venue.
 - 5) Provide tourists and citizen visitor information and promotional material about the local tourist assets including outdoor recreation and local businesses.
 - 6) The agency shall be responsible any interior plants and other décor.
- B. The City will be responsible for any exterior plantings in the plaza and sidewalk planters and exterior holiday décor such as pumpkins, and holiday lights.
- C. The City will be responsible to cover the following expenses:
 - 1) VIC Building Lease = \$2,050/mo.
 - 2) VIC Custodial Service = \$180/mo. approx.
 - 3) VIC Utilities = \$396/mo approx., i.e;
 - * Puget Sound Energy
 - * City of North Bend
 - * Comcast
- D. City owned assets include the following list:
 - 1. Quick Set Up Pedestal (3)
 - 2. Office Chair
 - 3. Bradshaw Storage Unit
 - 4. Business Hours Sign Kit
 - 5. Base for Glass Tower
 - 6. Lockable Glass Display Tower
 - 7. Leather Club Chairs (2)
 - 8. Literature Holder, A Frame Chalkboard
 - 9. Fred Meyer: end table, planters, etc.
 - 10. Best Buy: printer/copier (2), telephones
 - 11. Stools & Dinettes: adjustable height barstools
 - 12. Adirondack chairs in plaza (4)

13. Pier 1 Imports: interior design décor (decorative lights and 4 plaza seat pillows)
14. Quick Set Up Pedestal (3)
15. US Flag Store: flag, pedestal, crown

E. Agency owned assets include the following list:

1. Vizio 42 HDTV Best Buy
2. Lenovo Yoga Computer - Best Buy
3. Dell All in one Computer Stand - Best Buy
4. Dell all in one Computer Stand – Best Buy
5. Dell xps 18 Intel All in one Computer – Best Buy
6. Dell xps 18 intel all in one Computer – Best Buy
7. Reception Desk, install, wiring etc – Handcraft Fine Cab
8. Gallery Lighting System (hangers, lights ect)
9. Buckeye Amish Furniture Benches

EXHIBIT B

City of North Bend
P.O. Box 896
North Bend, Washington 98045
Phone number: (425) 888-1211
Fax: (425) 831-6200

TAX IDENTIFICATION NUMBER

In order for you to receive reimbursement from the City of North Bend, we must have either a Tax Identification Number or a Social Security Number. The Internal Revenue Code requires a Form 1099 for payments to every person or organization other than a corporation for services performed in the course of trade or business. Further, the law requires us to withhold 20% on reportable amounts paid to unincorporated persons who have not supplied us with their correct Tax Identification Number or Social Security Number.

Please complete the following information request form and return it to the City of North Bend before or along the submittal of the first billing voucher.

Please check the appropriate category:

Corporation Partnership Government Agency
 Individual/Proprietor Other (please explain)

TIN#: 603 207 652

Print Name: Geoff Doy President

Print Title: President

Business Name: Downtown Foundation,

Business Address: PO Box 59
Business Phone: 425.233.4499

Date

Authorized Signature (required)



City Council Agenda Bill

SUBJECT:		Agenda Date: July 19, 2016		AB16-082	
A Resolution Awarding a Contract to Lakeridge Paving Company, LLC for the 2016 Pavement Overlay Project		Department/Committee/Individual			
		Mayor Ken Hearing			
		City Administrator – Londi Lindell			
		City Attorney - Mike Kenyon			
		City Clerk – Susie Oppedal			
		Community & Economic Development – Gina Estep			
		Finance – Dawn Masko			
		Public Works – Mark Rigos, P.E.			
Cost Impact:	\$175,725.00 (or possibly more)				
Fund Source:	Capital Streets Overlay(103)				
Timeline:	Immediate				
Attachments: Resolution, Bid Tabulation, Contract Document, Project Limits Map					
SUMMARY STATEMENT:					
<p>Using information from the Pavement Management Program provided by Capitol Asset & Pavement Services (CAPS), along with anticipated private development improvements, and the fact that outside funding sources are more readily available for arterials than other roadway classifications, City staff determined that Riverside Drive SE (from Orchard Drive SE to SE Maple Drive), Meadow Drive SE (from Orchard Drive SE to SE Alder Drive), and SE Maple Drive were the best candidates for pavement overlays in 2016. These streets are located in the Old Si View neighborhood. Nearby SE Alder Drive, SE Cherry Drive, and Si View PL SE had pavement overlays completed in 2011 and are not included in this 2016 Overlay Project. Riverside Drive SE from SE Maple Drive to the south is beyond an overlay treatment and is in need of full reconstruction and is also not included in the 2016 Overlay Project.</p> <p>Zipper Geo Associates provided geotechnical engineering services and the BlueLine Group provided the design plans for the 2016 Overlay Project. City staff compiled bid documents and specifications for the project.</p> <p>City staff also included the NW 14th Street Repair (East Segment) Project as an <u>additive bid</u> schedule. Engineering design work for this project was completed by Gray & Osborne. Geotechnical services were provide by Zipper Geo and surveying was provided by Axis. The engineering design work consisted of pavement rehabilitation using cement treated base and hot mix asphalt; storm drainage improvements including conveyance pipe and catch basins; road grading for proper slopes; providing miscellaneous surface restoration; including permanent signing and pavement markings; including sediment and erosion control; and providing traffic control along NW 14th Street between Boalch Avenue NW and Bendigo Blvd. N (SR 202).</p> <p>The 2016 Overlay Project was included as the base bid schedule and the NW 14th Street Repair (East Segment) Project was included as the <u>additive bid</u> schedule. When the design was completed, the project was advertised in the local papers on June 15th and June 22nd, 2016. On July 12, three (3) bids were received and opened at City Hall. The lowest bid was submitted by Lakeridge Paving Company, LLC (from Covington, WA) in the amount of \$175,725.00 for the 2016 Overlay Project (base bid schedule).</p> <p>Public Works Director Mark Rigos has had positive experiences working with Lakeridge on former paving overlay projects.</p> <p>Tonight, City Council has a decision on whether or not to include the bid additive between Bendigo Boulevard and Boalch Avenue. Staff supports the bid additive of NW 14th Street, but understands there are limited city funds available, and although this is a great project for the community, this bid additive is not inexpensive. The road re-construction project is included in the City's 6-year 2017-2022 TIP, because the project involves public safety and mobility improvements. This project amounts to far more</p>					

City Council Agenda Bill

than just a pavement overlay.

Funding for the base bid will be provided by the City’s Capital Streets Overlay fund. Funding for the bid additive would be provided by the City’s Storm Drainage fund and City’s Transportation Impact Fees. The City will provide a revenue table prior to the City Council meeting.

COMMITTEE REVIEW AND RECOMMENDATION: The Transportation & Public Works (TPW) Committee reviewed this item at its July 13th, 2016 meeting. TPW wants to move forward with the base bid. There was significant interest in including the bid additive (NW 14th Street), but TPW wants to know the funding sources and requested this item be included in General Discussion. Prior to beginning the July 19, 2016 Council Meeting, a table showing funding sources will be provided to City Council. This item was recommended for General Discussion.

RECOMMENDED ACTION: MOTION to approve AB16-082, a resolution awarding a contract for the 2016 Overlay Project to Lakeridge Paving Company, LLC,

Choose one of the following:

Option 1- Base Bid Only - in the amount of \$175,725.00, in a form and content acceptable to the City Attorney.

OR

Option 2 - Base Bid with Bid Additive – in the amount of \$387,236.50, in a form and content acceptable to the City Attorney.

RECORD OF COUNCIL ACTION

<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
July 19, 2016		

RESOLUTION

A RESOLUTION OF THE CITY OF NORTH BEND, WASHINGTON, ACCEPTING CONSTRUCTION BIDS AND AWARDING THE 2016 OVERLAY PROJECT

WHEREAS, the City entered into a professional services contract with Zipper Geo Associates to provide geotechnical services and the Blueline Group to provide design plans for the 2016 Overlay Project; and

WHEREAS, upon completion of design, advertisement was made on June 15, 2016 and June 22, 2016 in the Daily Journal of Commerce and the Snoqualmie Valley Record for construction bids; and

WHEREAS, on July 12, 2016, bids were opened at North Bend City Hall and read aloud at the prescribed time with three (3) bids having been received; and

WHEREAS, the resulting lowest responsive and responsible bidder out of three (3) bids received was Lakeridge Paving Company, LLC in the amount of \$175,725.00 (Option 1 – base bid) OR in the amount of \$387,236.50 (Option 2- includes bid additive);

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The construction bids for the 2016 Overlay Project are accepted.

Section 2. The construction contract for the 2016 Overlay Project, in a form and content acceptable to the City Attorney, is awarded to the lowest responsive and responsible bidder, Lakeridge Paving Company, LLC, in the amount of \$175,725.00 (Option 1-base bid) OR in the amount of \$387,236.50 (Option 2- includes bid additive).

PASSED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 19TH DAY OF JULY, 2016.

CITY OF NORTH BEND:

APPROVED AS TO FORM:

Kenneth G. Hearing, Mayor

Michael R. Kenyon, City Attorney

ATTEST/AUTHENTICATED:

Effective:
Posted:

Susie Oppedal, City Clerk

AGREEMENT

Contract No. _____

THIS AGREEMENT, made in four (4) copies, each of which shall be deemed original, and entered into as of the date hereinafter affixed, by and between the City of North Bend, Washington, hereinafter called Contracting Agency, and _____, hereinafter called Contractor.

WITNESSETH:

That in consideration of the terms and conditions contained herein and attached and made a part of this Agreement, the parties hereto covenant and agree as follows:

1. Contractor shall complete all Work and furnish all labor, tools, materials and equipment for the construction of **NW 14th Street (East Segment) Repair and 2016 Overlay Project, Project No. T-014**, including all changes to the Work and force account Work, in accordance with and as described in the Contract Documents, which are by this reference incorporated herein and made a part hereof. The Contractor shall guarantee said materials and Work for a period of one year after completion of this Contract. This guarantee is supplemental to and does not limit any other contractual remedies of Contracting Agency.
2. No change order or combination of change orders which result in an increase or decrease of the total construction costs shall be binding upon the Contracting Agency until approved in writing by the Mayor or a designate who is authorized to execute Change Orders.
3. Contracting Agency shall pay Contractor at the unit and lump sum prices, and by force account as specified in the Bid Proposal and according to the Contract Documents as to time, manner, and condition of payment. The payments to Contractor include the costs for all labor, tools, materials and equipment for the Work.
4. Contract time shall commence upon Contracting Agency's Notice to Proceed to Contractor. The Work under this Agreement shall be completed within the time specified in the Bid Proposal. If the Physical Work under this Agreement is not completed within the time specified, Contractor shall pay liquidated damages and all engineering inspection and supervision costs to Contracting Agency as specified in the Bid Proposal and Contract Documents.
5. No liability shall attach to the City of North Bend, Washington, by reason of entering into this Contract, except as expressly provided herein.
6. Contractor for him/herself, and for his/her heirs, executors, administrators, successors, and assigns, does hereby agree to the full performance of all the covenants contained herein.
7. The Contractor and all Sub-Contractors will obtain a City of North Bend business license prior to beginning work.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed effective this _____ day of _____, 20 ____.

CONTRACTOR

CITY OF NORTH BEND, Washington

Signature

Mayor

Printed

Title

Federal Tax ID No. _____

Contractor's Registration No. _____

Address for giving notices:

Address for giving notices:

Attested:

CITY CLERK

Approved as to form:

CITY ATTORNEY

CERTIFICATE AS TO CORPORATE PRINCIPAL

I, _____ (*Corp. Officer [not Contract Signer]*) certify that I am the _____ (*Corporate Title*) of the corporation named as Contractor in the Agreement attached hereto; that _____ (*Contract Signer*), who signed said Agreement on behalf of Contractor, was then _____ (*Corporate Title of Contract Signer*) of said corporation; that I know his/her signature and that his/her signature therefore is genuine, and that said Agreement was duly signed and attested for an on behalf of said corporation by authority of its governing body.

Signature

Printed

Title

State of _____)

)ss.

County of _____)

_____ (*Corporate Officer [not Contract Signer]*), being duly sworn, deposes and says that he/she is _____ (*Corporate Title*) of _____ (*Name of Corporation*).

Subscribed and sworn to before me this _____ day of _____, 20 ____

Notary Public (Signature)

Notary Public (Print)

My commission expires _____, 20__

Approved as to form:

City Attorney, City of North Bend

Date

**PUBLIC WORKS PAYMENT BOND
to CITY OF NORTH BEND, WA**

Bond No. _____

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The City of North Bend, Washington, (City) has awarded to _____ (Principal), a Contract for the construction of the project designated as **NW 14th Street (East Segment) Repair and 2016 Overlay Project, Project No. T-014**, in North Bend, Washington (Contract), and said Principal is required under the terms of that Contract to furnish a payment bond in accord with Title 39.08 Revised Code of Washington (RCW) and (where applicable) 60.28 RCW.

The Principal, and _____ (Surety), a corporation, organized under the laws of the State of _____, duly authorized to do business in the State of Washington as Surety and named in the current list of "Surety Companies Acceptable in Federal Bonds" as published in the Federal Register by the Audit Staff Bureau of Accounts, U.S. Treasury Dept., are jointly and severally held and firmly bound to the City, in the sum of _____ US Dollars (\$ _____) Total Contract Amount, for the payment of this sum on demand subject to the provisions herein.

This statutory payment bond shall become null and void, if and when the Principal, its heirs, executors, administrators, successors, or assigns (or the Subcontractors, or lower tier Subcontractors of the Principal) shall pay all persons in accordance with RCW Titles 39.08, 39.12, and 60.28 including all laborers, mechanics, Subcontractors, lower tier Subcontractors, material persons, and all persons who shall supply such Contractor or Subcontractors with provisions and supplies for the carrying on of such Work; and if such payment obligations have not been fulfilled, this bond shall remain in full force and effect.

The Surety shall indemnify, defend and protect the City against any claim of direct or indirect loss resulting from the failure of the Principal, its heirs, executors, administrators, successors, or assigns, (or the Subcontractors or lower tier Subcontractors of the Principal) to pay all laborers, mechanics, Subcontractors, lower tier Subcontractors material persons, and all persons who shall supply such Contractor or Subcontractors with provisions and supplies for the carrying on of such Work.

The Surety for value received agrees that no change, extension of time, alteration or addition to the terms of the Contract, the Specifications accompanying the Contract, or to the Work to be performed under the Contract shall in any way affect its obligation on this bond, except as provided herein, and waives notice of any change, extension of time, alteration or addition to the terms of the Contract or the Work performed. The Surety agrees that modifications and changes to the terms and conditions of the Contract that increase the total amount to be paid the Principal shall automatically increase the obligation of the Surety on this bond and notice to Surety is not required for such increased obligation.

This bond may be executed in two (2) original counterparts, and shall be signed by the parties' duly authorized officers. This bond will only be accepted if it is accompanied by a fully executed and original power of attorney for the officer executing on behalf of the Surety.

The Surety agrees to be bound by the laws of the state of Washington and subjected to the jurisdiction of the State of Washington.

PRINCIPAL

SURETY

Principal Signature

Date

Surety Signature

Date

Printed Name

Printed Name

Title

Title

Name, address, and telephone of local office/agent of Surety Company is:

Approved as to form:

City Attorney, City of North Bend

Date

