

PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
BOARD OF COMMISSIONERS

AGENDA
JULY 25, 2023
4:30 PM

The public is invited to attend in person or via Zoom.

Join the meeting via Zoom: <https://skagitpud.zoom.us/j/87189171574?pwd=WjlcWU5UbC9lUEFhRXBza3RiclRjdz09>

Meeting ID: 871 8917 1574
Passcode: 490612
Or dial: 1-253-215-8782

Please turn your audio and video off during the meeting. Use the "Raise Hand" feature if you would like to speak during Audience Comments.

If you have a question or comment for the Board, please submit it by 5 p.m. the Monday prior to the meeting by calling (360) 848-4460 or send an email to pud@skagitpud.org

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

1. Approval of Agenda 7/25/23
2. Approval of Minutes 7/11/23 Regular Meeting
3. Approval of Minutes 7/18/23 Special Meeting
4. Ratification of Voucher 7/18/23
5. Voucher Approval 7/25/23
6. [Skagit Hyundai Water Improvements Project Acceptance](#)

AUDIENCE COMMENTS

OLD BUSINESS

7. General Manager's Report
8. Safety Department Update
9. [Establishing an Administration Fee and Water Rate for 2023 Temporary Water Rights Transfers - Action](#)
10. [Water Policy Manual Revisions - Action](#)

NEW BUSINESS

SECOND QUARTER FINANCIALS

INFORMATION

11. [Credit Cards Administrative Practice & Procedure #2036](#)
12. Monthly Budget Status - June 2023
13. Judy Reservoir Data Report
14. Recent News Article

COMMISSIONER COMMENTS

ADJOURNMENT

MINUTES OF THE REGULAR MEETING OF THE COMMISSION
PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

July 11, 2023

The regular meeting of the Commission of Public Utility District No. 1 was held in the Aqua Room of the utility located at 1415 Freeway Drive, Mount Vernon, Washington.

The meeting was called to order at 4:31 p.m. Commissioners in attendance were Joe Lindquist, president; Andrew Miller, vice president; and Corrin Hamburg, secretary.

Also in attendance were: Kevin Tate, Shannon Patiño, George Sidhu, Nick Semrau, Pete Gilbert, Brian Henshaw, Mark Handzlik, Mike Fox, Mark Semrau, Courtney Shilling, Bill Trueman, Kathy White, Jay Sedivy, Sam Shipp, and Jenna Friebel.

Participating remotely were: Kasey Cykler, Luke Comer, PUD Sds, Kurt Van Burkleo, and other not identified.

Commissioner Lindquist led the Pledge of Allegiance.

CONSENT AGENDA

Commissioner Miller moved to approve the Consent Agenda for July 11, 2023, as presented.

1. Approval of Agenda 7/11/23
2. Approval of Minutes: 6/27/23 Special Meeting
3. Approval of Minutes: 6/27/23 Regular Meeting
4. Ratification of Voucher 7/5/23 No. 3090 (\$1,907,752.51)
Accounts Payable Voucher No. 26708 – 26736 (\$202,295.29)
Electronic Funds Transfer (\$1,460,629.74)
Payroll Electronic Funds Transfers No. 041229 – 041316 (\$244,827.48)
5. Voucher Approval 7/11/23 No. 3091 (\$683,661.18)
Accounts Payable Voucher No. 26737 – 26811 (\$664,557.97)
Electronic Funds Transfer (\$19,103.21)
6. Esther Plaza Multi-Family Development Project Acceptance

The motion passed unanimously.

Before moving forward, Commissioner Lindquist announced that the old business item “Review and Discuss Water Policy Manual Updates” would be moved to after the new business items to be considerate of the time of individuals attending the meeting for the new business items.

AUDIENCE COMMENTS

Jenna Friebel, Executive Director, Skagit Drainage and Irrigation District Consortium, representing Drainage and Irrigation Improvement Districts #15 and #22, informed the commission that Skagit County has met the physical conditions for a drought declaration, and while the districts have junior water rights, they were curtailed, and their reservoir levels are low. The districts support the admin fee in the proposed agreement but have questions about the additional acre foot fee and the methods used for the calculations.

OLD BUSINESS

7. General Manager’s Report: General Manager Sidhu provided an update on the following:
 - Meetings & Events: There will be an all-staff meeting on Wednesday, July 19, 2023. The Sugar Shack is also coming to the PUD on the same day.
 - Employee Association Events: The all-employee summer picnic hosted by the PUD Employee Association will be on Sunday, August 20.
 - WPUDA Meetings: The WPUDA July Association Meetings are being held at Suquamish Clearwater Resort Casino from July 12 – 14, and the Water Workshop from September 27 – 29 will be at the 7 Cedars Casino.
 - Annual Audit: The State auditors started their annual audit early. There will be no entrance conference, and the exit conference date is to be determined.
 - Staffing Updates: After a long search, the Maintenance Superintendent position has been filled internally by current Maintenance Worker Tyler Scott.

8. Operations Department Update: Operations Manager Fox presented the Engineering Department update on the following:
- Judy Reservoir levels, Water Treatment Plant SCADA alarms for chlorine, ammonia, and CO2, upcoming legionella testing and other water quality testing, annual reservoir cleaning and inspections, residual pressure concerns, unidirectional flushing of all Skagit PUD water systems, completed pipe replacements, routine maintenance work, failing meter endpoints, large meter testing, 2023 projects including, resurfacing of reservoirs, fresh water plumbing at Skagit River Diversion to pump control system, vegetation mitigation, SW overhead crossing repairs, and refinishing of the top of Clear well #3, and new fleet.

Commissioner Hamburg asked when the vactor truck will be delivered. A brief discussion ensued.

NEW BUSINESS

9. Recommendation to Award: PN 3675 Campus Replacement Administration Building
Engineering Manager Handzlik presented the recommendation to award for the Campus Replacement Administration Building project requesting to authorize the general manager to enter into a contract with Comer GC Inc. in the amount of \$14, 975,000.00 for the construction of the new Skagit PUD administration building at 1415 Freeway Drive.

Commissioner Hamburg asked clarification questions regarding the project budget. A brief discussion ensued.

Commissioner Miller moved to authorize the general manager to enter into a contract with Comer GC Inc. in the amount of 14, 975,000.00 for the construction of the new Skagit PUD administration building.

The motion passed unanimously.

Manager Sidhu talked about how the new admin building budget impacts the Capital Improvement Plan. A brief discussion ensued.

10. Establishing a Water Rate and Administration Fee for 2023 Emergency Drought Water Rights Transfers

General Manager Sidhu explained that over the past eight years, the PUD has executed interlocal agreements with Drainage and Irrigation Districts #15 and #22 for temporary water rights transfers during emergency drought declarations. Transferring water rights requires additional time-consuming administrative work to complete the authorization application and track and monitor of the pumping records. Therefore, in preparation for a drought declaration, the PUD is seeking to establish an administrative fee of \$1,500 and a water rate per acre-foot of water pumped.

A discussion between the commissioners, PUD staff involved in the water rights transfer, Drainage and Irrigation District Consortium Executive Director Friebel, and PUD Attorney Gilbert ensued. The commissioners were in support of the administrative fee of \$1,500 but were not in agreeance with establishing a water rate per acre-foot without more information and discussion to determine and establish a defendable rate.

Commissioner Hamburg moved to establish a \$1,500 administration fee with no additional per acre-foot fee.

The motion did not pass by a vote of two to one.

The discussion resumed briefly, and it was agreed by the commission to hold a special meeting on Tuesday, July 18, at 4:30 p.m. to continue the discussion and establish a per acre-foot rate.

Commissioner Lindquist informed that he would not be able to attend in person and requested a motion to allow his participation via Zoom.

Commissioner Miller moved to allow Commissioner Lindquist to participate in the special meeting via Zoom.

The motion passed unanimously.

OLD BUSINESS (cont'd)

11. Review and Discuss Water Policy Manual Updates: Finance Manager Henshaw continued the review of Water Policy Manual revisions to Chapters 2 and 3, including:

- 2.5.2 Adding clarification of special equipment that may be added to customer’s side of service and that they are responsible for its maintenance.
- 2.6 Removing section regarding District Facilities and Standpipes for Agricultural Application as this is no longer in service.
- 2.7.2 Could potentially be removed or combined with 2.7.1 Short-term Water Service
- 2.8 Adding of leak adjustment policy as a viable reason for disputing resolution and appearing before the board.
- 3.2.1 Adding “Responsible Party” definition and clarifying throughout the water policy chapters.
- 3.3.1 Clarifying the order of application of payments.
- 3.3.2 Adding criteria for automatic withdrawals.
- 3.3.4 Expands criteria and steps needed for extension of payment.
- 3.3.5 Clarifying that returned payments of any kind will be assessed the service fee and that is will not extend the terms of payment.
- 3.4.3 Changing “late charge” to “late fee” and removing the general manager and keeping only the finance manager or customer service department employees as authorized to reverse late fees at their discretion.

Commissioners provided comments and feedback and their questions were addressed throughout the review and discussion. The remaining revisions 3.4.5, 3.4.6 and 3.4.7 will be reviewed at the July 25th regular board meeting.

INFORMATION

- 12. Recent News Article
- 13. Judy Reservoir Data Report

COMMISSIONER COMMENTS

Commissioner Lindquist mentioned that he will not be present for the board meeting on August 8, 2023.

ADJOURNMENT

Having no further business to come before the board, Commissioner Lindquist moved for adjournment. The motion passed, and the July 11, 2023, meeting was adjourned at 6:46 p.m.

ATTEST

Joe Lindquist, President

Corrin Hamburg, Secretary

Andrew Miller, Vice President

MINUTES OF THE SPECIAL MEETING OF THE COMMISSION
PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY AND PORT OF SKAGIT

July 18, 2023

The meeting was held in the Skagit PUD Aqua Conference Room.

Commissioners in attendance were Joe Lindquist, president (attended via Zoom); Andrew Miller, vice president; and Corrin Hamburg, secretary.

Also in attendance were: George Sidhu, Alistair Boudreaux, Pete Gilbert, Mark Handzlik, Bill Trueman, Mark Semrau, Wendy LaRocque, Nick Semrau, Shannon Patiño, Jenna Friebe, Dale Ragan, Dave Hughes, Tony Wisdom, Riley Jungquist, Darrell Hamburg, Tony Wolden, and Brandon Stone

Participating remotely were: Jack Preston and Kasey Cykler

Commissioner Lindquist called the Skagit Public Utility District meeting to order at 4:30 p.m. and led the pledge of allegiance.

AUDIENCE COMMENTS

In response to the discussion at the July 11, 2023, commission meeting, Jenna Friebe, Mount Vernon resident and Executive Director for the Skagit Drainage and Irrigation District Consortium, presented a methodology for determining a water rate for non-potable water that is used for irrigation purposes and a water rate proposed by the Skagit Drainage and Irrigation Consortium.

Tony Wisdom, Burlington resident, urged the commissioners to choose the rate that would create the lowest cost possible and recommended using the methodology and water rate proposed by the Skagit Drainage and Irrigation Consortium.

Dale Ragan, Mount Vernon resident, commented that the most recent publicly available financial audit report on the website was the 2020 Annual Report.

ESTABLISHING AN ADMINISTRATION FEE AND WATER RATE FOR TEMPORARY WATER RIGHTS TRANSFERS

Manager Sidhu began the discussion with a summary of the discussion from the meeting on July 11, 2023. He shared that the Executive Water Emergency Committee will be briefing the Governor and recommending that a drought be declared. He also explained that temporary water rights transfers requests are becoming more frequent and there has never been a focus to recover costs associated with the transfers. Therefore, Engineering Manager Handzlik, Engineering Supervisor Trueman, and himself have worked together with a water rights consultant to obtain market information to develop a new recommendation for the board.

Manager Sidhu continued by providing an explanation of the PUD's new proposed methodology to determine a non-potable water rate for irrigation purposes and water rate for temporary water rights transfers.

An extended discussion ensued. Commissioners shared their concerns of the cost proposed by the PUD and how that would impact the farmers who did not budget for these costs, wanting to have a discussion with the drainage and irrigation districts to determine a methodology and rate, backsliding to lower the rate due to establishing a rate that is too high, and legal risks if the established methodology and rate is not defensible.

After much discussion, the commission agreed on accepting the methodology and rate proposed by the Skagit Drainage and Irrigation Districts pending verification by PUD staff. While the verification is being done, staff will prepare the temporary change application for submission to DOE for each district so that the water rights can be made available as soon as a drought is declared and the interlocal agreements are signed.

Commissioner Miller moved to authorize the General Manager to enter into an interlocal agreement with the Drainage and Irrigation Improvement District #15 and Consolidated Diking

Improvement District #22 to provide a temporary water rights transfer during a declared drought for Water Resources Inventory Area 3, including an administrative fee of \$1,500 with a water rate to be determined at the regular meeting on July 25, 2023. The motion passed unanimously.

COMMISSIONER COMMENTS

Commissioner Hamburg thanked everyone in attendance, including the commissioners for a good discussion and the Department of Ecology for joining.

Commissioner Miller expressed excitement for getting water to farmers.

Commissioner Lindquist agreed that it was a good discussion but stated that there is still more work ahead.

ADJOURNMENT

With no further business to come before the Board, the meeting was adjourned at 5:41 p.m.

Joe Lindquist, President

ATTEST:

Andrew Miller, Vice President

Corrin Hamburg, Secretary

DRAFT

As of July 18, 2023

No. 3092

We, the undersigned Board of Commissioners of Public Utility District No. 1 of Skagit County, Washington, do hereby certify that the merchandise and /or services hereinafter specified have been received and are hereby approved for payment in the amount of \$994,840.44 this 18th day of July, 2023.

The total is comprised of the following:

Accounts Payable voucher No. from 26812 through 26854 in the amount of \$569,808.91, Electronic Funds Transfer in the amount of \$199,631.67. Payroll Electronic Funds Transfers and checks No. 041317 through 041404 in the amount of \$225,399.86.

Attest:



Manager


Auditor

President

Vice - President

Secretary

Date: 07/17/2023

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Voucher	Claimant	Amount
26812	AUTO ACCESSORY DIST. INC	479.99
26813	Cities Digital Inc	83.33
26814	CITY OF MOUNT VERNON	200,000.00
26815	COMCAST BUSINESS	118.57
26816	CORE & MAIN LP	21,595.09
26817	E&E LUMBER INC	183.93
26818 - EDI	ELECTRONIC FEDERAL TAX PAYMENT	81,100.16
26819 - EDI	EMPOWER RETIREMENT	815.00
26820	ENTERPRISE FM TRUST	171,527.61
26821	ERICKSEN & SVENDSEN INC	97.74
26822	EXPERIAN INFORMATION SOLUTIONS	442.69
26823	FARMERS EQUIPMENT CO	842.73
26824	GILBERT & GILBERT LAWYERS INC	2,557.50
26825	HARRINGTON IND PLASTICS LLC	1,020.04
26826	HD FOWLER COMPANY INC	370.79
26827	ICONIX WATERWORKS (US) INC	106.46
26828	KAPTEIN'S ACE HARDWARE	7.61
26829	KAYE- SMITH ENTERPRISES INC	108.00
26830	LITHTEX NW	772.48
26831	LOOMIS ARMORED US LLC	227.54
26832	AUTO VALUE	74.94
26833	PACIFIC POWER BATTERIES	552.88
26834	POMP'S TIRE SERVICE INC	28.83
26835	PURMS JOINT SELF INS FUND	119,770.84
26836	PYE-BARKER FIRE& SAFETY LLC	524.42
26837	QCC QUALITY CONTROLS CORP	708.41


Voucher	Claimant	Amount
26838	SECURITAS TECHNOLOGY CORP	111.30
26839	SKAGIT FARMERS SUPPLY	858.22
26840	SKAGIT VALLEY HERALD	196.35
26841	STATE AUDITOR'S OFFICE	9,523.20
26842	SUMMIT LAW GROUP PLLC	217.60
26843	TACOMA SCREW PRODUCTS INC	106.64
26844	TRUCK TOYS INC	2,356.62
26845	TRUEbenefits, LLC	5,000.00
26846	US MOWER INC	79.80
26847 - EDI	WA STATE DEPT OF RETIREMENT	111,121.19
26848 - EDI	WA STATE SUPPORT REGISTRY	844.89
26849 - EDI	WA STATE TREASURER	5,191.07
26850	WASHINGTON FINANCE OFFICERS	595.00
26851	ASTOUND BUSINESS SOLUTIONS LLC	2,213.55
26852	WOODS ACQUISITION CORP DBA	141.82
26853	Western Refinery Services-WRS	26,206.39
26854 - EDI	ZIPLY FIBER	559.36
		769,440.58

We, the undersigned Board of Commissioners of Public Utility District No. 1 of Skagit County, Washington, do hereby certify that the merchandise and /or services hereinafter specified have been received and are hereby approved for payment in the amount of \$381,489.26 this 25th day of July, 2023.

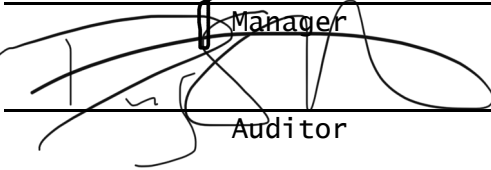
The total is comprised of the following:

Accounts Payable voucher No. from 26855 through 26903 in the amount of \$181,638.74, Electronic Funds Transfer in the amount of \$199,850.52. Payroll Electronic Funds Transfers and checks No. through in the amount of \$0.00.

Attest:



 Manager



 Auditor

 President

 Vice - President

 Secretary

Date: 07/21/2023

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Voucher	Claimant	Amount
26855	ABSCO SOLUTIONS	162.57
26856	ATHENA MARSDEN	203.72
26857 - EDI	BANNER BANK	710.74
26858	BANNER BANK	17,156.79
26859	BAYVIEW MOBILE HOME PRK MV LLC	3,500.00
26860	BROOK REAL ESTATE LLC	48.18
26861	BUILDERS EXCHANGE OF	185.70
26862	CASSANDRA DENGLER	47.66
26863	CHARLENE LINVOG	18.11
26864	CITY OF ANACORTES	18,340.00
26865	CODY MYERS	104.59
26866	COMMUNITY ACTION OF SKAGIT CTY	1,021.86
26867	CRYSTAL SPRINGS	83.19
26868	EAGLE PEAK CONTAINERS	3,580.00
26869	EUROFINS EATON ANALYTICAL LLC	2,570.00
26870 - EDI	Employment Security Department	9,168.17
26871	FOOD SERVICES INC	1,732.79
26872	FRONTLINE CLEANING SERVICES	2,690.00
26873	GRANDVIEW NORTH LLC	5.00
26874	HANNAH'S HOUSE LLC	189.39
26875	HUGHES NETWORK SYSTEMS, LLC	127.13
26876	ICONIX WATERWORKS (US) INC	21,425.21
26877	IWORKWISE	999.00
26878	JCI JONES CHEMICALS INC	16,206.66
26879	JEANIE RICHARDS	99.79
26880	JOSHUA RAMOS	131.88

Voucher	Claimant	Amount
26881	KAYE- SMITH ENTERPRISES INC	11,061.33
26882	ANYTIME LABOR SEATTLE LLC	759.96
26883	LINDE GAS & EQUIPMENT INC	2,800.28
26884	MARIA PONCE	69.98
26885	MARTIN MARIETTA MATERIALS	215.21
26886	MISTER T'S AWARDS & EMBROIDERY	27.15
26887	NPELRA	518.00
26888	OREGON METER REPAIR	6,952.50
26889	PACIFIC POWER BATTERIES	37.18
26890 - EDI	PAYMENTUS GROUP INC	11,643.86
26891	POSTMASTER	150.00
26892	RONALD DEPANO	98.19
26893	SAGE BURLINGTON 2, LLC	8,164.49
26894	SKAGIT COUNTY PUBLIC WORKS	126.00
26895	SUMMIT LAW GROUP PLLC	1,135.00
26896	SEMINAR GROUP, THE	674.00
26897	TIMMONS GROUP INC	750.00
26898	Thatcher Company Inc.	56,075.62
26899	UTILITIES UNDERGROUND LOCATION	456.66
26900 - EDI	WA STATE DEPT OF LABOR &	24,143.88
26901 - EDI	WA STATE DEPT OF REVENUE	154,183.87
26902	ASTOUND BUSINESS SOLUTIONS LLC	409.97
26903	WOODS ACQUISITION CORP DBA	528.00
		381,489.26



1415 Freeway Drive | Mount Vernon, Washington 98273 | (360) 424-7104 | SkagitPUD.org

July 25, 2023

MEMORANDUM

TO: Board of Commissioners
FROM: Mark Handzlik, PE
SUBJECT: Skagit Hyundai Water Improvements Project Acceptance

Requested Action:
Commission acceptance of the Skagit Hyundai Water Improvements Project.

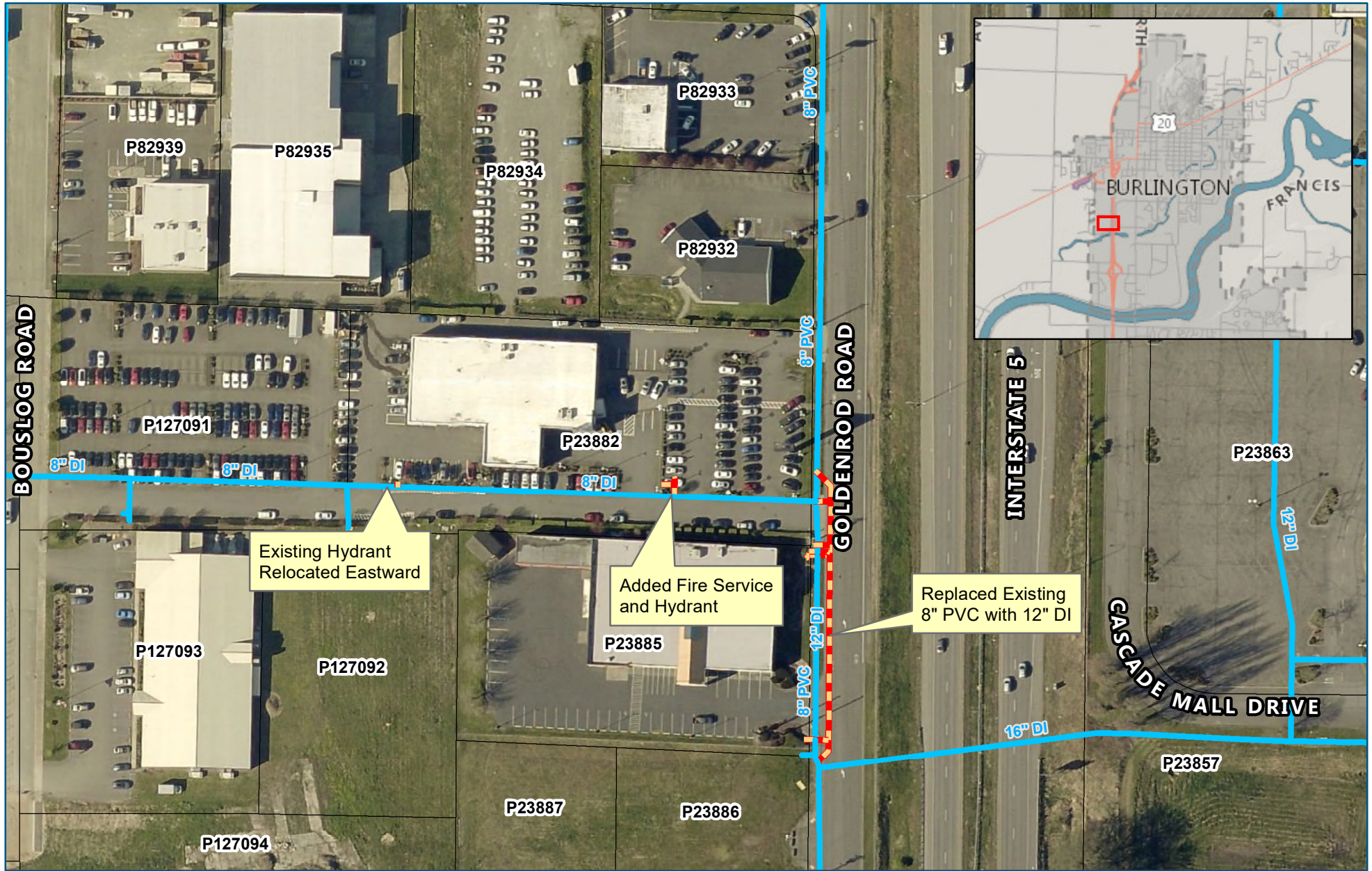
Background:

Reference: Job ID #CP87973
Location: Burlington
Developer: Jack Carroll’s Skagit Hyundai
Contractor: Interwest Construction Inc.

The PUD has approved the plans and specifications and has inspected the installation of the new water plant within the above project. The Engineering Department has received satisfactory pressure and bacteriological test results. All documentation for this project has been completed.

Fiscal Impact:
None.

Enclosures: 1. [Skagit Hyundi Acceptance Map](#)



Skagit Hyundai Water Improvements Project Acceptance



0 50 100 200 Feet

NAD 1983 StatePlane Washington North FIPS 4601 Feet
Author: wilson
4/3/2023

- Existing Main
- Awaiting Acceptance
- Parcels

Job Identity: CP8973

This map was created from available public records and existing map sources, not from field surveys. While great care was taken in this process, maps from different sources rarely agree as to the precise location of geographic features. The relative positioning of map features to one another results from combining different map sources without field verification.

The PUD #1 of Skagit County disclaims any warranty of merchantability or warranty of fitness of this map for any particular purpose, either expressed or implied. No representation or warranty is made concerning the accuracy, currency, completeness or quality of data depicted on this map. Any use of this map assumes all responsibility for use thereof, and further agrees to hold the PUD #1 of Skagit County harmless from any damage, loss, or liability arising from the use of this map.





1415 Freeway Drive | Mount Vernon, Washington 98273 | (360) 424-7104 | SkagitPUD.org

July 25, 2023

MEMORANDUM

TO: Board of Commissioners
FROM: George Sidhu, P.E., General Manager
SUBJECT: Establishing an Administration Fee and Water Rate for 2023 Temporary Water Rights Transfers

Requested Action:

Authorize the General Manager to enter into an interlocal agreement with Drainage and Irrigation Improvement District #15 and Consolidated Diking Improvement District #22 to provide a temporary water rights transfer if a drought is declared for Water Resources Inventory Area 3, including an administration fee of \$1,500 and a consumptive rate of \$12.89 per acre-foot of water for each district.

Background:

At a special meeting of the commission on July 18, 2023, the commission passed a motion to allow the PUD to apply for a Temporary Drought Change Authorization from DOE in order to temporarily allow agricultural irrigators in Drainage and Irrigation Improvement District #15 (DIID 15) and Consolidated Diking Improvement District #22 (CDID 22) to utilize a portion of the PUD’s currently available water rights, subject to entering into an interlocal that establishes the terms of Temporary Drought Authorization and establishing a rate for the water withdrawn authorized through the transfer. These temporary authorizations are for a limited duration, limited quantity of water and have other operational requirements such as flow metering and hourly restrictions of when pumping is allowed.

At the July 18, 2023, meeting there was broad consensus on a number of topics. Most significant was the acceptance of the administrative fee and general agreement that irrigation rates in eastern Washington are an acceptable comparable value in the short-term, after applying appropriate factors. Last, it was agreed that the rate established in this short-term is only valid for 2023, and that a more robust evaluation or rate study should be conducted in the future as a better interim step until the full transition into a stable water market rate is completed.

Based on the broad agreement that irrigation district rates in eastern Washington are an acceptable comparison for the current year, data from six districts were used. These districts include South Columbia Irrigation District, Roza Irrigation District, East Columbia Irrigation District, Wenatchee Reclamation District, Naches-Selah, and Quincy-Columbia Basin Irrigation District.

Rates from each of these districts are generally charged as a per acre assessment, not a per acre-foot assessment as we have been discussing. According to their policies, each acre of land within the district is charged an assessment. The assessment entitles the landowner to the equivalent of three feet of water over the entire assessed area. In other words, each acre of land is entitled to three acre-feet of water. Therefore, if the per acre assessment is divided by three, a per acre-foot price of water can be calculated.

Looking at the irrigation districts used for comparable rates, the rates in two districts stand out, those in Roza and Naches-Selah. In these two districts the per acre rate is unusually high. This could be because they have some large capital or maintenance expenses in this fiscal year. Recognizing these anomalies, these two rates were thrown out and the remaining rates were used to form an average price per acre-foot using the methodology above. The average price was calculated to be \$32.23 per acre-foot.

This number was then reduced to account for the additional costs these irrigation districts normally bear to construct new infrastructure and to conduct non-routine maintenance or capital maintenance. The reduction factor discussed at the July 18, 2023, meeting of the commission was 60 percent. This factor was then subtracted from the average price per acre-foot, resulting in a rate that is 40 percent of the average acre-foot rate. This results in a final rate of \$12.89 per acre-foot of water extracted against the PUD's water right.

An additional reduction factor of 50 percent was discussed in prior meetings to recognize the limitation on the number of pumping hours. This reduction isn't appropriate given that the risk is mitigated through the manner in which the consumption is being invoiced. The irrigation districts receiving water will be invoiced on the amount of water actually removed from the river and against Skagit PUD's water rights inventory. The districts are not being asked to accept risk and pay for the right to any more water than is actually put to good use. Furthermore, the risk of under-utilization is already built into the base rate where assessments are charged whether or not the water is put to use, whereas the above calculations, and resultant rate are based on 100 percent utilization.

Because there is no established water market in the Skagit PUD service area it is difficult to establish an appropriate starting point for calculating a water rate. The PUD is grateful for the discussions with the stakeholders in this joint effort that results in meeting the interest of both parties and puts the PUD's excess water rights to good use in the community. Future temporary transfers will build off this good work to further a strong basis for the establishment of a rate.

Fiscal Impact:

The administration fee and the water rate charged in the interlocal will be used to offset the PUD's costs for staff time involved in the development of the interlocal agreement and change application to DOE. The fees and rates agreed to in the interlocal agreements are for 2023 only.

Enclosures: 1. [2023 Interlocal DID 15.pdf](#)
 2. [2023 Interlocal CDID 22.pdf](#)

**INTERLOCAL AGREEMENT BETWEEN DRAINAGE AND IRRIGATION DISTRICT #15
AND
PUBLIC UTILITY DISTRICT No. 1 OF SKAGIT COUNTY**

THIS AGREEMENT is made and entered into this _____ day of _____ 2023, by and between Drainage and Irrigation Improvement District #15 of Skagit County, herein referred to as “DIID #15,” and Public Utility District No. 1 of Skagit County herein referred to as “Skagit PUD”

RECITALS

A. WHEREAS, legal and uninterrupted water withdrawals in the Skagit River watershed are a scarce and valuable resource; and

B. WHEREAS, Skagit PUD recognizes the impact and value of robust agricultural productivity on the overall health of the community; and

C. WHEREAS, DIID #15 is a special purpose district formed for the purposes of drainage and irrigation improvement and have interruptible water rights from the Skagit River; and

D. WHEREAS, Skagit PUD has transferred a portion of its available uninterrupted water rights to DIID #15 in the past during three state-declared droughts after determining that the water is not required for Skagit PUD operations during the transfer period; and

E. WHEREAS, DIID #15 is currently relying on the availability of a similar transfer of Skagit PUD water rights if a drought is declared in 2023 and has requested temporary and short-term use of a portion of Skagit PUD’s water rights; and

F. WHEREAS, Skagit PUD has determined that a portion of its uninterrupted water rights are available for temporary and short-term use if a drought is declared in Skagit County; and

G. WHEREAS, Skagit PUD recognizes that new water rates reflecting the value of the water rights may significantly impact the current operational expenses of DIID #15, and it would be an appropriate consideration of those impacts to establish reasonable and defensible rates for the use of the water rights; and

H. WHEREAS, DIID #15 and Skagit PUD are each independently authorized by law to conduct such activity; and,

I. WHEREAS, RCW 39.34.080 authorizes a public agency to contract with another public agency to perform any governmental service, activity, or undertaking that each public agency is authorized to perform, provided that such contract shall be authorized by the governing body of each party to the contract; and,

J. WHEREAS, RCW 39.34.010 permits local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities, including an agency of state government, on the basis of mutual advantage. In addition, under the authority of the Interlocal Cooperation Act, specifically RCW 39.34.030, public agencies, such as the parties, may enter into Interlocal Agreements such as this one; and,

K. WHEREAS, it is necessary for DIID #15 and Skagit PUD to enter into an agreement setting forth the terms, conditions, and requirements for completing the temporary water rights transfer.

AGREEMENT

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

STATEMENT OF WORK

1. The parties agree the sequential steps of the temporary drought change authorization is as follows:

- i. Temporary Drought Change Authorization. Skagit PUD will prepare an “Application for Change/Transfer of a Water Right” for submittal to Washington State Department of Ecology (Ecology). The application will request authorization for DIID #15 to divert surface water in 2023 during state-declared drought conditions from the Skagit River at their previously established diversion points (shown on the attached figures) in the following amounts.

- (1) Maximum instantaneous rate of 3,330 gallons per minute

- (2) Maximum total withdrawal of 390 acre-feet

DIID #15 shall comply with all conditions of the application and Ecology authorization documents.

The following conditions are anticipated to be included in the authorization. Additional conditions may be required by Ecology:

- (1) “To be protective of the environment and fishery resources, water use under this Authorization shall only occur for a maximum of 3 hours prior to each high tide event and a maximum of 3 hours following each high tide event. This equates to approximately 12 hours per day based on two high tide cycles per calendar day.”

- (2) “An approved measuring device must be installed and maintained on the source identified by this Authorization in accordance with the rule “Requirements for Measuring and Reporting Water Use”, Chapter 173-173 WAC. The existing meter installed on this source may be used.”

- (3) “Detailed written records shall be kept to ensure compliance with the conditions of this Authorization. At a minimum, records shall include the dates, times of high tides, diversion start times, diversion end times, peak instantaneous pumping rates, totalizer meter readings, and name(s) of record keeper(s). DIID #15 shall provide emailed provisional daily water use records to the PUD and Ecology following each day of the authorized use period, regardless of the amount of diversion. Final and complete records shall be submitted to Ecology by January 31 of the following year, as part of the reporting required by DIID #15 for its existing interruptible water right permit.”

- ii. Duration

Surface water withdrawals by DIID #15 may occur following the execution of this Agreement and authorization by Ecology. Surface water withdrawals will terminate on or before September 30, 2023.

iii. Payment by DIID #15 to Skagit PUD

DIID #15 agrees to compensate Skagit PUD for the temporary use of PUD water rights at the following rates:

2023 rates:

Annual administrative fee (regardless of withdrawal quantity): \$1,500

Consumption rate: \$12.89 per acre-foot of withdrawals

INDEPENDENT CAPACITY

2. The officials, employees and agents of each party who are engaged in the performance of this Agreement shall continue to be officials, employees or agents of that party and shall not be considered for any purpose to be officials, employees or agents of the other party.

LEGAL RELATIONS

3. Neither party shall be liable for damage or claims which arise from or relate to the performance or non-performance of this Agreement by the other party. Each party shall be responsible only for the negligent acts and omissions of its own officers, employees, and agents, and no party shall be considered the agent of the other.

INDEMNIFICATION

4. DIID #15 agrees to defend, indemnify, and hold the District harmless from any and all claims, demands, losses, and liabilities to or by third parties arising from, resulting from, or connected with work performed or to be performed under this Contract by the Consultant, its agents, employees, and subconsultants, even though such claims may prove to be false, groundless or fraudulent, to the fullest extent permitted by law.

ASSIGNMENT

5. Neither party shall assign or convey its interests or obligations under this Agreement without the written consent of the other. There are no third-party beneficiaries of this agreement.

DISPUTES

6. It is expected that any conflicts arising out of the implementation of this Agreement will be resolved at the staff level. In the event that issues cannot be resolved by staff in a timely fashion, the parties agree to elevate the dispute through equivalent management levels of each party, and if necessary to Skagit PUD General Manager and the DIID #15 Commissioners.

In the event that a dispute cannot be resolved in the manner described above, resolution of the dispute shall be determined by a Dispute Board in the following manner: Each party to this Agreement shall appoint one member to the Dispute Board. The members so appointed shall jointly appoint an additional member to the Dispute Board. The Dispute Board shall review the facts, contract terms and applicable statutes and rules and make a determination of the dispute. The determination of the Dispute Board shall be final and binding on the parties hereto.

AMENDMENT

- 7. This Agreement shall be amended only by written mutual agreement of the parties. Amendments to this Agreement may be initiated by any of the parties and will become final after written agreement by all parties and appropriate signatories is executed.

TERMINATION

- 8. This Agreement is effective from the date of signature by all parties and remains in effect until modified by written mutual agreement, termination as provided below, or completion of the temporary drought change authorization including satisfaction of all terms and conditions by DIID #15. Either party may terminate this Agreement upon thirty (30) days written notification to the other party.
- 9. Skagit PUD may terminate this Agreement immediately for any reason and at any time.

CONTACTS

- 10. The contacts for each party shall be responsible for and shall be the contact person for all notices and communications regarding the performance of this Agreement.

Public Utility District No. 1
Bill Trueman
Engineering Supervisor
Public Utility District No. 1 of Skagit County
1415 Freeway Drive
Mount Vernon, WA 98273
(360) 848-2151
trueman@skagitpud.org

Drainage and Irrigation Improvement District #15
Name: _____
Drainage and Irrigation Improvement District #15 of Skagit County

GOVERNANCE

- 11. This Agreement is entered into and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this Agreement shall be construed to conform to those laws.

In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

- Applicable state and federal constitution statutes and rules;
- Statement of work; and
- Any other provisions of the Agreement, including materials incorporated by reference.

WAIVER

- 12. The failure to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

SEVERABILITY

13. If any provision of this Agreement, or any provision of any document incorporated by reference, shall be held by a court of competent jurisdiction to be invalid, the remainder of this Agreement, and such, will remain in full force and effect.

ALL WRITINGS CONTAINED HEREIN

14. This Agreement, including its exhibits, constitutes the entire agreement between the parties regarding the project and supersedes all prior agreements and understandings between the Parties relating to the subject matter of the Agreement. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

ADDITIONAL PROVISIONS

15. This Agreement does not create any separate legal entity, create any joint organization, establish any common budget, nor authorize the joint acquisition of any personal or real property.

16. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, but any number of which, taken together, will be deemed to constitute one and the same instrument.

17. This agreement, and all of the terms contained herein, are non-precedent setting and shall have no bearing or influence on any discussions or negotiations for the future temporary transfer of water rights.

DATED this ____ day of _____, 2023.

Drainage and Irrigation Improvement District #15 of Skagit County

By: _____
Commissioner Position # ____

PUD No. 1 of Skagit County

George Sidhu, P.E., General Manager

**INTERLOCAL AGREEMENT BETWEEN CONSOLIDATED DIKING IMPROVEMENT
DISTRICT #22 AND
PUBLIC UTILITY DISTRICT No. 1 OF SKAGIT COUNTY**

THIS AGREEMENT is made and entered into this _____ day of _____ 2023, by and between Consolidated Diking Improvement District #22 of Skagit County, herein referred to as “CDID #22,” and Public Utility District No. 1 of Skagit County herein referred to as “Skagit PUD”

RECITALS

A. WHEREAS, legal and uninterrupted water withdrawals in the Skagit River watershed are a scarce and valuable resource; and

B. WHEREAS, Skagit PUD recognizes the impact and value of robust agricultural productivity on the overall health of the community; and

C. WHEREAS, CDID #22 is a special purpose district formed for the purposes of drainage and irrigation improvement and have interruptible water rights from the Skagit River; and

D. WHEREAS, Skagit PUD has transferred a portion of its available uninterrupted water rights to CDID #22 in the past during three state-declared droughts after determining that the water is not required for Skagit PUD operations during the transfer period; and

E. WHEREAS, CDID #22 is currently relying on the availability of a similar transfer of Skagit PUD water rights if a drought is declared in 2023 and has requested temporary and short-term use of a portion of Skagit PUD’s water rights; and

F. WHEREAS, Skagit PUD has determined that a portion of its uninterrupted water rights are available for temporary and short-term use if a drought is declared in Skagit County; and

G. WHEREAS, Skagit PUD recognizes that new water rates reflecting the value of the water rights may significantly impact the current operational expenses of CDID #22, and it would be an appropriate consideration of those impacts to establish reasonable and defensible rates for the use of the water rights; and

H. WHEREAS, CDID #22 and Skagit PUD are each independently authorized by law to conduct such activity; and,

I. WHEREAS, RCW 39.34.080 authorizes a public agency to contract with another public agency to perform any governmental service, activity, or undertaking that each public agency is authorized to perform, provided that such contract shall be authorized by the governing body of each party to the contract; and,

J. WHEREAS, RCW 39.34.010 permits local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities, including an agency of state government, on the basis of mutual advantage. In addition, under the authority of the Interlocal Cooperation Act, specifically RCW 39.34.030, public agencies, such as the parties, may enter into Interlocal Agreements such as this one; and,

K. WHEREAS, it is necessary for CDID #22 and Skagit PUD to enter into an agreement setting forth the terms, conditions, and requirements for completing the temporary water rights transfer.

AGREEMENT

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

STATEMENT OF WORK

1. The parties agree the sequential steps of the temporary drought change authorization is as follows:

- i. Temporary Drought Change Authorization. Skagit PUD will prepare an “Application for Change/Transfer of a Water Right” for submittal to Washington State Department of Ecology (Ecology). The application will request authorization for CDID #22 to divert surface water in 2023 during state-declared drought conditions from the Skagit River at their previously established diversion points (shown on the attached figures) in the following amounts.

- (1) Maximum instantaneous rate of 3,276 gallons per minute

- (2) Maximum total withdrawal of 384 acre-feet

CDID #22 shall comply with all conditions of the application and Ecology authorization documents.

The following conditions are anticipated to be included in the authorization. Additional conditions may be required by Ecology:

- (1) “To be protective of the environment and fishery resources, water use under this Authorization shall only occur for a maximum of 3 hours prior to each high tide event and a maximum of 3 hours following each high tide event. This equates to approximately 12 hours per day based on two high tide cycles per calendar day.”

- (2) “An approved measuring device must be installed and maintained on the source identified by this Authorization in accordance with the rule “Requirements for Measuring and Reporting Water Use”, Chapter 173-173 WAC. The existing meter installed on this source may be used.”

- (3) “Detailed written records shall be kept to ensure compliance with the conditions of this Authorization. At a minimum, records shall include the dates, times of high tides, diversion start times, diversion end times, peak instantaneous pumping rates, totalizer meter readings, and name(s) of record keeper(s). CDID #22 shall provide emailed provisional daily water use records to the PUD and Ecology following each day of the authorized use period, regardless of the amount of diversion. Final and complete records shall be submitted to Ecology by January 31 of the following year, as part of the reporting required by CDID #22 for its existing interruptible water right permit.”

- ii. Duration

Surface water withdrawals by CDID #22 may occur following the execution of this Agreement and authorization by Ecology. Surface water withdrawals will terminate on or before September 30, 2023.

iii. Payment by CDID #22 to Skagit PUD

CDID #22 agrees to compensate Skagit PUD for the temporary use of PUD water rights at the following rates:

2023 rates:

Annual administrative fee (regardless of withdrawal quantity): \$1,500

Consumption rate: \$12.89 per acre-foot of withdrawals

INDEPENDENT CAPACITY

2. The officials, employees and agents of each party who are engaged in the performance of this Agreement shall continue to be officials, employees or agents of that party and shall not be considered for any purpose to be officials, employees or agents of the other party.

LEGAL RELATIONS

3. Neither party shall be liable for damage or claims which arise from or relate to the performance or non-performance of this Agreement by the other party. Each party shall be responsible only for the negligent acts and omissions of its own officers, employees, and agents, and no party shall be considered the agent of the other.

INDEMNIFICATION

4. CDID #22 agrees to defend, indemnify, and hold the District harmless from any and all claims, demands, losses, and liabilities to or by third parties arising from, resulting from, or connected with work performed or to be performed under this Contract by the Consultant, its agents, employees, and subconsultants, even though such claims may prove to be false, groundless or fraudulent, to the fullest extent permitted by law.

ASSIGNMENT

5. Neither party shall assign or convey its interests or obligations under this Agreement without the written consent of the other. There are no third-party beneficiaries of this agreement.

DISPUTES

6. It is expected that any conflicts arising out of the implementation of this Agreement will be resolved at the staff level. In the event that issues cannot be resolved by staff in a timely fashion, the parties agree to elevate the dispute through equivalent management levels of each party, and if necessary to Skagit PUD General Manager and the CDID #22 Commissioners.

In the event that a dispute cannot be resolved in the manner described above, resolution of the dispute shall be determined by a Dispute Board in the following manner: Each party to this Agreement shall appoint one member to the Dispute Board. The members so appointed shall jointly appoint an additional member to the Dispute Board. The Dispute Board shall review the facts, contract terms and applicable statutes and rules and make a determination of the dispute. The determination of the Dispute Board shall be final and binding on the parties hereto.

AMENDMENT

- 7. This Agreement shall be amended only by written mutual agreement of the parties. Amendments to this Agreement may be initiated by any of the parties and will become final after written agreement by all parties and appropriate signatories is executed.

TERMINATION

- 8. This Agreement is effective from the date of signature by all parties and remains in effect until modified by written mutual agreement, termination as provided below, or completion of the temporary drought change authorization including satisfaction of all terms and conditions by CDID #22. Either party may terminate this Agreement upon thirty (30) days written notification to the other party.
- 9. Skagit PUD may terminate this Agreement immediately for any reason and at any time.

CONTACTS

- 10. The contacts for each party shall be responsible for and shall be the contact person for all notices and communications regarding the performance of this Agreement.

Public Utility District No. 1
Bill Trueman
Engineering Supervisor
Public Utility District No. 1 of Skagit County
1415 Freeway Drive
Mount Vernon, WA 98273
(360) 848-2151
trueman@skagitpud.org

Consolidated Diking Improvement District #22

Name: _____
Consolidated Diking Improvement District #22 of Skagit County

GOVERNANCE

- 11. This Agreement is entered into and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this Agreement shall be construed to conform to those laws.

In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

- Applicable state and federal constitution statutes and rules;
- Statement of work; and
- Any other provisions of the Agreement, including materials incorporated by reference.

WAIVER

- 12. The failure to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

SEVERABILITY

13. If any provision of this Agreement, or any provision of any document incorporated by reference, shall be held by a court of competent jurisdiction to be invalid, the remainder of this Agreement, and such, will remain in full force and effect.

ALL WRITINGS CONTAINED HEREIN

14. This Agreement, including its exhibits, constitutes the entire agreement between the parties regarding the project and supersedes all prior agreements and understandings between the Parties relating to the subject matter of the Agreement. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

ADDITIONAL PROVISIONS

15. This Agreement does not create any separate legal entity, create any joint organization, establish any common budget, nor authorize the joint acquisition of any personal or real property.

16. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, but any number of which, taken together, will be deemed to constitute one and the same instrument.

17. This agreement, and all of the terms contained herein, are non-precedent setting and shall have no bearing or influence on any discussions or negotiations for the future temporary transfer of water rights.

DATED this ____ day of _____, 2023.

Consolidated Diking Improvement District #22 of Skagit County

By: _____
Commissioner Position # ____

PUD No. 1 of Skagit County

George Sidhu, P.E., General Manager



1415 Freeway Drive | Mount Vernon, Washington 98273 | (360) 424-7104 | SkagitPUD.org

July 25, 2023

MEMORANDUM

TO: Board of Commissioners
FROM: Brian Henshaw
SUBJECT: Water Policy Manual Revisions

Requested Action:

Continue discussion of recommended revisions to the Water Policy Manual Chapter 3.4 - 4.5

Background:

Chapter 3. Metering and Billing Procedures

3.4 Procedures for collecting past due accounts

3.4.3 Late fees - discuss commercial late fees

3.4.5 Standardize Disconnection fee application

3.4.6 Medical Emergency & heat moratorium shut-off protection

3.5 Adjustment criteria

3.6 Leak adjustments - discuss threshold and other changes to policy

Chapter 4 Water Rates, Fees, and Deposits

4.1.7 Agriculture Rate - Updates & clarifies criteria

4.2.8 Miscellaneous - deletes reference to abandoned services that was changed in 2.4.6

4.5 Deposits - discuss policy of credit, cash, and prior history for deposits

4.5.4 Change criteria for when deposits are returned

4.5.5 Refunds states waiting period of 14 days to prevent fraud

Fiscal Impact:

None.

Enclosures: 1. [2022 Water Policy Manual Sections 2 & 3 & 4 Revised-6-21-22](#)

Section 2

General Terms, Conditions, and Policies

2.1 General Provision

2.1.1 Scope

Section 2 of this Water Code provides the General Terms, Conditions, and Policies for furnishing and receiving water service. These terms, conditions, and policies are a part of all oral or written proposals, offers, agreements, and contracts for furnishing and receiving water service relating to the District.

2.2 Water Service Policies

2.2.1 General

Consistent with sound business judgment, the District shall undertake to the fullest extent to furnish water to County inhabitants who need a potable water supply.

The District will provide water service to undeveloped lots/parcels only after receipt of written notice or building permit from the local government with land use jurisdiction that the undeveloped lot/parcel is consistent with the jurisdiction's land use plan. (1350)

Water service requests for livestock watering and/or agricultural purposes may be allowed per Section 2.3.4. Such service shall not be converted to residential, commercial and/or industrial use without the prior approval of the District, which shall require the lot/parcel owner(s) to submit to the District a copy of the approved building permit for the proposed new use, issued by the local government having land use jurisdiction. Such building permit shall be considered warranty that the conversion is in compliance with the jurisdiction's approved land use plan. (1350)

The District shall execute an Agriculture Irrigation water service Agreement or Water Service Contract with an Applicant for each one inch (1") or larger irrigation service. The contract will outline the duties of the District to provide water and the duties of the Applicant in the use of the water, including a clause stating that if problems arise relating to District water source capacity or hydraulics, that water for irrigation or other non-domestic demands may be limited or discontinued, as required by the District. Water use for irrigation is recommended during, and may be limited to, "off-peak" hours of 10:00 p.m. to 5:00 a.m. each day or such hours as the District may prescribe. (1714, 1937)

2.2.2 Wholesale Water Service (383)

The District will, upon request, assist and aid local water districts and municipalities when practical.

The District will provide water supply at cost to a local municipality desiring additional or supplemental supply.

District cost for providing water supply consists of:

- Production costs and expenses at the source.
- Costs and expenses of treating, storing, and delivering the water from the source of supply to the point of delivery or meter of the utilizing system.
- Expenses incident to operating and maintaining the facilities dedicated to such services, including an equitable allocation of indirect, supervisory, and administrative, and general expense.
- Taxes or payments in lieu of taxes.
- Interest and principal payments on the indebtedness of the District properly assignable to the facilities dedicated to such service. (383)
- Allocation for renewal and replacement of the facilities when required and to pay for facility improvements. (383)

2.2.3 Special Contracts for Services (545)

The Manager shall have the right, with the approval of the Commission, to fix special rates and enter into special contracts where service conditions are extraordinary and the existing rates cannot equitably be applied, provided that all such special contracts or rates shall be consistent with principles set forth in Sections 2.2.1 and 2.2.2, and that service provided by special contract shall be made available only if excess capacity in the District's distribution and source of supply facilities is available.

The District shall not sell or furnish water for the purposes of resale, except by special contract as directed and approved by the Commission.

2.2.4 Owner/Agent Agreement (aka Application and Agreement for Services: Landlords and Tenants)

The District will allow tenants to assume sole financial responsibility for water service provided they have completed the necessary District requirements for initiation of service as stated in 2.4. If the tenant has not initiated service and there is evidence that the service is in use, the Landlord shall be responsible, and the service is subject to immediate shut off unless such landlord has signed an agreement as indicated in this subsection.

If a tenant has not terminated service and is recognized as the responsible party for the service, the District will only terminate service for the following reasons:

- The tenant is not meeting the requirements and conditions of the District to continue service. In this case, the District will initiate termination.
- The tenant requests termination of service.

- The landlord signs an order to terminate because the tenant has not requested termination of service and no longer is a tenant of the premises, or the landlord needs the service off to protect the premises and to repair or maintain the premises. The District will not terminate service for non-payment of rent to the landlord as RCW 59.18.300 does not allow landlords to terminate utilities for non-payment of rents.
- A new tenant has indicated they are now the responsible party and meet the District's requirements for service initiation. In this case, the District will terminate service in the previous tenant's name and immediately activate service with the new tenant.

If the Landlord wishes to remain the sole financial responsible party and not allow tenants to assume financial responsibility, the District may accommodate such requests on a case-by-case basis.

As allowed in this subsection, a contract may be entered into by any owner of rental property for the provision of uninterrupted service to such property between tenancies. The owner agrees to pay for water service charges during this period and until a tenant assumes responsibility for water service under these policies.

2.2.5 Movement and Relocation of Water Services (1668-95)

A Customer may have a water service relocated at their expense, subject to standard District installation requirements. The relocated water service shall be restricted to relocation on the same lot or parcel it originally served. The Customer shall be required to pay additional system development fees if the water service with meter is increased in size. Refer to **Section 4.2 for** the system development fee formula. The water service taken out of service due to relocation, if left in place, shall require a system development fee at the current applicable level if reactivated.

The District may permit the movement and relocation of water services under the following conditions: (867)

- When the continuation of a service at its present location appears unlikely to serve any useful purpose in the future or presents a hardship to the Customer, and
- When the proposed future location is on the District's water system where adequate water mains exist to serve the Customer requirements at that location properly, and (867)
- When an amount equal to the estimated cost of removal and relocation is paid before relocation work, and a signed job order authorizes the work: the estimated cost shall be equivalent to a Type One or Type Two connection charge or a higher estimated amount, whichever is deemed sufficient by the District, and
- If the proposed future location is on a pipeline on which a Latecomer's Agreement is in force, an amount equal to the refund will be paid in addition

to the conditions listed above.

After all work has been completed, all conditions satisfied, and all accounting completed, the Customer shall be billed for additional costs incurred over the payment(s) or refunded any unused balance. Once removed under these conditions, a service shall be considered nonexistent at the place from which it was removed. (867)

2.2.6 Illegal Use of Water (1876-99)

Withdrawal of District water from a fill station non-metered connection, standpipe, or fire hydrant without a written water use contract with the District is prohibited. Illegal use will be assessed, at minimum, a basic charge equivalent to a monthly 4-inch meter charge for each month of use. Extended illegal use and consumption charges will be based on the District's estimate of use at the current consumption charge. The District may refer the information to local law enforcement and prosecutor's office.

2.3 Installation of Water Service (1350)

2.3.1 Water Service Availability (1350)

Water service will only be provided if water lines with sufficient supply are available and the site's location where service is to be installed is contiguous to a water main unless otherwise allowed within this Water Code per line extension requirements (see Section 6). For accuracy and record-keeping purposes, the Applicant must provide building plans for cross-connection review, site plans, and onsite sewer system disposal plans. The site of the service installation must have an address assigned by the county or municipality.

2.3.2 Meter Box Installation (1350)

It is necessary to install the meter box at proper grade in order to make it level with existing or future sidewalks, driveways, or lawns. The property owner must have the correct grade established, located, and marked for the benefit of the District service installation crew.

2.3.3 Installation in Unimproved Areas (1350)

It is not desirable from a security position to install water services in unimproved areas, and in the event such a request is made, it will be necessary for the applicant to present all applicable permits and/or approvals issued by the appropriate government agency or agencies. See Sections 6.2.6, 6.5.6 and 6.6.7 for a listing of possible approvals to obtain.

2.3.4 Other Uses (1350)

Service for watering livestock or other animals or irrigation purposes may be allowed if the applicant provides an address from the local authorizing authority and meets other District criteria.

2.3.5 Installation Timing (1350)

The application for water service and payment of fees thereof, implies the applicant is requesting the service be installed as soon as possible. The District will turn on or install the service(s) or meter(s) as soon as the District's schedule allows after the Applicant has completed the service application and paid all applicable fees and charges.

2.4 Activating, Disconnecting, Reactivating and Terminating Service

2.4.1 Service Order or Contract

Each Applicant desiring water service shall submit a written application and sign an application form or water service contract prior to service connection.

At the time of application, each Applicant shall be informed of the estimated fees and charges for obtaining service(s) per the most recent Appendix A, Rates, Fees, Charges and Deposits. Any claimed or actual failure by the District to inform the Applicant shall not, however, relieve the Applicant of any such fees or charges. Fees are adjusted annually, and the actual fee will be those in effect at the time of payment.

Large industrial or commercial contracts shall contain such provisions and stipulations as may be necessary or desirable to protect the interests of both the District and Applicant.

2.4.2 Agreement

By acceptance of service, each Applicant agrees to be subject to all current and subsequently revised District policies, rates, charges, service requirements and regulations, with or without a written application or contract.

The Applicant agrees that the District shall have the right to shut off the water service, with or without notice, for (1) repairs, extensions of the water line, (2) (3) any operating condition requiring suspension of service, and that the District shall not be responsible for any damage due to stoppage or interruption of the water supply.

2.4.3 Initiation of Service

Service will be initiated when the Applicant has met all District requirements and submitted:

- Completed application and a demonstration of credit sufficient for reasonable assurance that service bills and fees will be paid.
- Valid service and mailing address(es).
- Payments as required on delinquent accounts.
- Payment of applicable deposits and other fees.

The District will turn on or install the service(s) or meter(s) as soon as the District's schedule allows after the Applicant has completed the service application and paid all

applicable fees and charges.

2.4.4 Separate Service for Each Lot, Property, or Dwelling or Establishment

Each lot, property, dwelling, or establishment is required to have a separate water service, **EXCEPT** as provided for in this subsection and Section 2.7, Temporary Water Service.

- Each multi-family residential structure may be served by either a common meter or individual meters for each unit at the property owner's option and the District's approval .
- Multi-family structures, commercial, industrial, institutional, or governmental Customers with facilities occupying multiple lots or structures under a single ownership may be served by either a common meter or individual meter for each structure, at the property owner's option and the District's approval
- Multi-tenant commercial, industrial, institutional, or governmental properties or structures may be served by either a common meter or an individual meter for each tenant, at the owner's option and with the District's approval .
- A common meter may provide water service to the main residence and an accessory dwelling unit if it conforms to applicable zoning and Skagit County and/or city regulations.
- One meter may provide water service to separate, non-rented, and primarily non-commercial structures on the same property if it conforms to applicable zoning and Skagit County and/or city regulations.

The Applicant shall be responsible for the entire billing if common metering is used .

Customers shall only provide water to additional dwelling(s) with the prior written approval of the General Manager.

2.4.5 Multiple Meters

When a Customer's service requires application of more than one rate schedule, one meter will be installed for each applied schedule. Each meter will be billed separately unless otherwise specified in a special contract.

2.4.6 Meter Removal for Inactive Connections

Water service(s) may be reactivated under two circumstances, provided that current District standards are met. If a customer requests renewal of an inactive service within five-years of its last use, the District will restore service through a turn on/reconnection charge (Appendix A, Rates, Fees, Charges and Deposits).

If a customer requests renewal of an inactive service after five-years, the District will restore

service through a “Type One” Connection Charge and System Development Fee (Appendix A, Rates, Fees, Charges and Deposits). Customers with evidence of prior use (including PUD records) will receive SDF credit for the previous service size.

2.4.7 Disconnection of Service

Service may be disconnected for good cause, including (but not limited to):

- Violation of service requirements or regulations, rate schedules, contracts, or plumbing codes.
- Failure to pay fees or deposits.
- Theft or illegal diversion of water.
- Leaks and other unintentional water losses in a customer-owned system that are not addressed in a timely manner, and that may cause water loss or property damage.
- No one assumes responsibility for service.
- Failure to pay water charges when due.
- Failure to meet cross-connection control, installation, and maintenance requirements.
- Use of water in a manner that is detrimental to the service being rendered to other Customers as further described in Section 2.5.3.
- Indiscriminate use of water that has or may have a detrimental effect on wetlands of significance, as determined by Skagit County, and/or the failure to neutralize discharged water to protect aquatic life in the receiving water.

Service will not be disconnected for non-payment of the bill without written **NOTICE**. The nature of the notice required and the period before disconnection for other than non-payment shall be reasonable under the circumstances with special consideration for the potential dangers to life and property.

After disconnection occurs (for other than non-payment), information concerning such action and the process for reconnection of service will be mailed to the billing address provided by the Customer.

The disconnection of service for any cause shall not release the Customer from the obligation to pay for water received, fees owed, and charges specified in this Manual or in any existing contract.

Disconnection During Appeal: (Ref.Sect.2.8)

At the District’s discretion, disconnection of service may be by locking meter, isolation valves, or physical disconnection as the District may choose.

2.4.8 Turn On/Reconnection of Disconnected Service

When service is disconnected for noncompliance with service requirements or regulations, nonpayment or fraudulent use, the service will not be reactivated until the situation is

corrected to the District's satisfaction.

Before turn on/reconnection, the Customer will be advised of current service fees for all accounts and services if unpaid after the "Shut Off" deadline. Only authorized District personnel may initiate and turn on or reconnect service to a water service connection. Appropriate charges, as specified in (Appendix A, Rates, Fees, Charges and Deposits), for turning on or reconnecting service will be assessed as applicable.

2.4.9 Termination of Service by a Customer

Except as may be otherwise provided for by a special contract or agreement with the District, when a change of occupancy or of legal responsibility takes place for water service to any premise being served by the District, the Customer may terminate service by notifying the District and paying in full all amounts owed to the District to the date of discontinuance of billing. A final bill will be mailed to the forwarding address that has been provided by the customer when termination of service is completed.

The outgoing Customer is responsible for all service supplied to the date notification is received by the District. The District reserves the right to read the meter(s) for a final bill and such reading(s) may be adjusted for consumption, if any, used by subsequent Customer(s). The final reading may be estimated by mutual consent of the Customer and the District. Under some circumstances the District may, at its option, require written authorization from the Customer paying for water service before terminating such water service.

2.5 Service and Equipment Requirements

2.5.1 Customer Facilities

Plumbing and Equipment: The Customer shall install, own, and maintain all plumbing and equipment beyond the point of delivery, except meters and special facilities installed or furnished by the District. The Customer's plumbing is to conform to:

- District's service requirements and regulations.
- Municipal, county, and state requirements.
- Accepted modern standards as set forth in the Uniform Plumbing Code.

2.5.2 Responsibility for Maintenance

The District is responsible for maintaining its facilities and equipment to the point of delivery. The Customer owns and maintains equipment beyond the point of delivery. (See Section 2.5.1)

The District may install specialized distribution equipment, such as pressure reduction valves beyond the point of delivery in Type 6 high pressure service connections that have ownership relinquished to the property owner after installation. The Customer is responsible for maintenance of such equipment after initial installation.

2.5.3 Safeguard of District Facilities

The Customer shall provide space for, and exercise proper care to protect any of the District's facilities on the Customer's premises. This shall include meters and other facilities installed by and remaining the property of the District. Any person knowingly and maliciously damaging or tampering with District meters and other equipment, reconnecting a previously disconnected meter to restore utility service, or tamper with any District equipment with the intent of defrauding or illegally diverting utility service shall be subject to prosecution by the District in accordance with Chapter 9A.56 RCW (Theft and Robbery)

In addition, in the event of unauthorized connection, and loss or damage to the District's property, the District may collect from the Customer the charge for estimated unmetered water, the cost of facility repairs and replacement, including the time and expense of District personnel, administrative costs, attorneys' fees, and other costs authorized or awarded. This charge will be in addition to the charge for estimated unmetered water.

The District may refuse or disconnect service to Customers when the District knows conditions to be defective or out of compliance with codes, regulations, or requirements. The District is not liable for loss or damage to persons or property resulting from defects or negligence of others:

- By the Customer beyond the point of delivery, or
- In the Customer's installation, facilities, or equipment.

When an individual's action might endanger District property or interrupt water service, prearrangements can be made for crew or service personnel to stand by. The cost for this service may be charged to the responsible party.

Should loss or damage occur to District property, the responsible party may be charged for repair or replacement cost, administrative time and expense, and estimated loss of unmetered water. However, if a District employee is at the site and approves the method and work, the charge to the Customer may be modified or waived.

2.5.4 Access to Premises

The Customer is to provide District representatives with safe, clear access and entry to Customer premises for service-related work. The District's facilities must remain unobstructed and accessible at all reasonable times so the District may:

- Install, inspect, maintain, or remove District equipment or plumbing.
- Read, connect, disconnect, or inspect metering devices.
- Inspect Customer owned cross-connection control devices.
- Inspect all water facilities on the premises for cross-connections. At any time, a cross-connection is discovered, and the Customer does not immediately remedy it, the District reserves the right to immediately terminate water service to the

Customer until such cross-connection is removed or protected by an approved Backflow Prevention Assembly as required by the District. Such inspection shall not make the District responsible for guaranteeing the absence of cross-connections.

For locked Customer premises where District equipment is located, the Customer will allow District access with its own lock and key.

The Customer shall provide space and protection for District facilities on the Customer's premises, including meters, touch pads on outside walls and other equipment installed by and belonging to the District.

Although the Customer is responsible at all times for maintaining Customer-owned equipment, the District may inspect Customer equipment before or after service connection.

However, such inspection, or lack of inspection, shall not be construed as placing upon the District any responsibility for the condition or maintenance of the Customer's plumbing, nor does it guarantee the absence of cross-connections in the Customer's service.

2.5.5 Cross-Connection Control

Washington Administrative Code (WAC) 246-290-490 establishes the minimum requirements for public water systems to be protected from contamination via cross-connections. The District's Cross-Connection Control Program Manual prescribes required cross-connection control measures and documents the District's policies that meet or exceed the minimum requirements for cross-connection control. The District's Cross-Connection Control Program Manual is described in Appendix F.

2.5.6 System Disturbances

Water service shall not be utilized in such a manner as to cause severe disturbances or pressure fluctuations to other Customers of the District. If any Customer uses equipment that is detrimental to the service of other Customers of the District, the District may require the Customer to install, at their own expense, equipment to control such disturbances or fluctuations.

2.5.7 Interruption of Service

It is the District's intent to provide adequate and continuous service with minimum interruption. However, the District:

- does not guarantee against occasional curtailment or failure of water service; and
- shall not be liable for resulting injury, loss, or damage; and
- shall not be considered in breach of contract for temporary service interruption.

Repairs or improvements to facilities requiring temporary service interruption will be expedited and timed to minimize Customer inconvenience. When possible, a prior notice will be mailed to the Customer or left at the service address in a visible location in advance of the service interruption.

If the Customer's water service fails, the Customer shall endeavor to determine if the cause is on the District's side or the Customer's side of the meter.

When the District responds to a Customer call after service hours, and the problem is found to be with Customer equipment, the Customer will be notified and will be responsible for repairs and fees.

2.5.8 District Representation by Employees

No inspector, agent, or employee of the District may ask, demand, receive or accept any personal compensation for any service rendered to water consumers or other persons in connection with supplying or furnishing water by the District. No promise, agreement, or representation of any employee or agent of the District with reference to the furnishing of water shall be binding on the District unless the same shall be in writing and signed by the General Manager or authorized agents.

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2.7 Temporary Water Service

2.7.1 Short-term Water Service

At the District's discretion, temporary water service may be provided to accommodate special needs for water at a fixed site on a short-term basis (e.g., on-site needs for construction activities or summer irrigation). Temporary water service may be provided from a fire hydrant or flushing assembly at a location specifically designated for this purpose by the District. Short-term water service may be authorized for a period not exceeding **30 days**. Upon expiration of the initial 30-day period, a Customer may request an extension of temporary service for one additional 30-day period. No more than one extension will be granted, unless authorized by the General Manager.

Procedures for authorizing short-term use shall be as follows:

When an Applicant desires to use a fire hydrant for short-term water service at a fixed site, the following procedures apply:

- The Applicant shall obtain a Hydrant Use Permit from the District and retain a copy at the site accessing the hydrant or flushing assembly.
- Metering is required for this type of use. The Applicant shall obtain a fire hydrant meter from the District for use at that location. The Applicant will be charged for using the meter and actual water used based on the District Rate Schedule(s) in (Appendix A, Rates, Fees, Charges and Deposits).
- The Applicant shall utilize only the hydrant or flushing assembly specifically designated by the Hydrant Use Permit.
- The Applicant shall obtain a placard from the District that indicates a Hydrant Use Permit has been obtained. At any time a hydrant is being used, the Applicant shall display this placard in a prominent position clearly visible from the street. The Applicant shall not provide this placard to any

other person.

2.7.2 Seasonal Water Service

A mobile water tank may provide seasonal water service for intermittent use to accommodate special needs . The seasonal water service may be provided from multiple fire hydrants or flushing assemblies at locations directed by the District, but additional backflow protection and routine testing will be required. Seasonal water service may be authorized for a period not exceeding 180 days unless authorized in writing by the General Manager

When an Applicant desires to apply for seasonal water service, the following procedures apply:

- The Applicant shall obtain a Hydrant Use Permit from the District and retain a copy in the mobile water tank.
- Metering and a higher degree of backflow protection are required for this type of use. The Applicant shall obtain a fire hydrant meter from the District, but the Applicant must provide their own Reduced Pressure Backflow Assembly (RPBA) for use with the hydrant meter. The Applicant will be charged for use of the meter and for actual water used, based on the appropriate District Rate Schedule(s) in Appendix A, Rates, Fees, Charges and Deposits.
- Prior to the District issuing the Hydrant Use Permit, the Applicant will be responsible for having the RPBA tested by a certified Backflow Assembly Tester (BAT) and bringing the test result and the RPBA to the District for verification prior to the first use of the hydrant meter, and every month after that. District staff will then assemble the fire hydrant meter and the RPBA and instruct the Applicant on using the meter and operating the fire hydrants.
- The Applicant is responsible for keeping a list of the locations where the fire hydrant meter was used (closest address or street intersection) and the amounts of water used when submitting a payment to the District. The District will provide the Seasonal Water Service Usage Log Sheet, and the Applicant is required to keep it current.
- If the RPBA is damaged and/or unable to obtain a passing test, the Applicant is responsible for providing a new RPBA which has received a passing test from a BAT. If the Applicant fails to submit the test results in a timely manner, the Hydrant Use Permit will be revoked. Multiple violations of the Hydrant Use Permit conditions will result in the denial of future seasonal water service applications.
- The Applicant is required to contact the District Billing Department every 30 days to notify the District of the water used to create a bill. The Hydrant Use Permit will be revoked if the Applicant fails to call in the water usage. Multiple violations of the Hydrant Use Permit conditions will result in the denial of future seasonal water service applications.

2.7.3 Temporary Water Service for Relatives of District Customers Occupying Temporary Housing on the Same Lot or Property (1511-90)

Section 2.4.4 indicates that a separate metered service connection is required for each dwelling. There are cases wherein the need for domestic water to a second dwelling on the same lot and/or property may be necessary temporarily, e.g., temporary housing for parents or in-laws, dependent relatives, etc.

The District will consider variances to the separate meter requirement and allow a single meter for two residences on a single lot in conjunction with written approval or Special Use Permits for the temporary dwelling approved by the appropriate County or City planning department.

If the appropriate agency approves the application for placement of a temporary mobile home for relatives, the District will permit two dwellings to be served from one metered service. When the Applicant's relative or the Applicant is no longer living in the temporary dwelling, the variance allowing two dwellings on one metered service will no longer be allowed, and service to the temporary dwelling must be disconnected.

Applications for a variance to allow two dwellings to be served by one metered service will require a copy of the written authorization from the agency that issued said permit.

Any variance issued under the authority of this subsection will require the approval of the General Manager, and the Applicant will be required to enter into a written agreement acknowledging that this District variance is temporary.

2.7.4 Fire Hydrant Use

No person shall operate or tamper with a fire hydrant connected to the District's water system, without the express written approval of the District or, in the case of an emergency threatening life or property, the approval of an authorized representative of the appropriate fire department. In addition to the penalty established in Section 2.2.6, any person violating this provision shall pay for a basic charge equivalent to a 4-inch monthly charge for each month of use and the amount of water used, as estimated by the District, and based on the applicable rate schedule.

Water Services for Fire Protection (179)

- A water service for fire protection must be fitted with such fixtures only as are needed for fire protection and entirely disconnected from those used for other purposes. In no case shall any tap be made upon any pipe used for fire service purposes or any tank connected therewith, nor shall the use of any water be permitted through any fire service nor through any pipe, tanks, or other fixtures therewith connected, for any purpose except for extinguishing fire on the premises.
- The Customer must bear the full cost of installing fire protection lines, including service from the mains .
- Rates for fire protection services are provided in Appendix A, Rates, Fees,

Charges and Deposits.

- No charge will be made for water used by fire protection service in extinguishing fire on the premises if the owner or occupant of premises where such fire occurs gives written notice to the office of the General Manager within 10 days from the time of such fire and is attested to by a representative of the government having fire jurisdiction.
- In the event the General Manager determines that a Customer having a fire protection service may be using water from same in violation of paragraph (a) of this Section, a double check detector meter shall be installed on the fire-service line, without prior notice being given to the Customer.
- Should experience after such installation show that no water was being used in violation of paragraph (a) of this section, (either through no use being registered on the double check detector meter after installation or no increased use being registered on the regular meter after the fire line was metered) then the District shall make no charge for such installation and charges for fire protection service shall continue on the basis of paragraph (c) above as long as no use is registered.
- Should experience safter the installation of the double check detector meter indicate that water was being used in violation of paragraph (a) of this section, then the District shall charge the Customer for the cost of such installation and a meter charge for at least two-meter reading cycles for each month of use.
- If the procedure outlined in the third paragraph of subsection (e) above takes place, the Customer will become liable for appropriate water charges to compensate the District for the estimated quantity of water used during the period when paragraph (a) of this section was being violated.

No Guarantee for Fire Protection

Notwithstanding all other provisions for fire protection, or for other metered service, including water furnished to any fire hydrant or other equipment used or which may be used for fire protection purposes, it is understood that the District cannot guarantee any minimum quantities of water or pressure of the water to be furnished for fire protection or water service. The District shall not be liable in any manner for any loss or claim because of the quantity of water or pressure of the same furnished for fire protection.

2.8 Dispute Resolution

2.8.1 Appearance before Commission

Customers and other affected people have a right to appear before the District's Board of Commissioners if they believe that a decision by the District was incorrect regarding:

- Termination of the delivery of water service or disconnection of the Customer;
or
- Refusal to deliver water service (i.e., not connect the Customer); or

- Require the Customer to pay for water service previously delivered (i.e., transfer an outstanding balance to a new water account); or
- Require the Customer to make periodic payments in specific amounts to pay for water service previously delivered as a condition of receiving water service (i.e., require a payment plan); or
- Require the Customer to provide security as a condition of receiving water (i.e., require a security deposit); or
- Require the Customer to pay a fee or penalty; (e.g., reconnection fee, account service fee, etc.); or
- Leak or billing adjustments; or

other issues as may be presented may have that decision reviewed by the District's Board of Commissioners.

Binding Decision

The decision of the Commissioners shall be a final decision of the District.

Appearance Request

A request for an appearance before the Commission should include a description of both the decision to be reviewed and the relief requested. If the description and relief warrant, the District may require that the request be in writing. The Customer's request must be directed to the Board of Commissioners, General Manager or Executive Assistant at the District's office located at 1415 Freeway Drive, Mount Vernon.

Appearance Date

The General Manager will set the date for the appearance within ten (10) business days after the hearing request is received by General Manager. Unless otherwise indicated, the hearing will be held at the District's Mount Vernon office.

District's Action Stayed Pending Receipt of Request for Appearance

If a Customer:

- Informs the District that he/she intends to request an appearance before the Commission to review that decision; the District will stay the action which would have been taken unless to do so would cause substantial disproportionate harm to the District or its customers. The stay will remain in effect for six (6) business days or until receipt of a formal request for an appearance, whichever is earlier. Upon receipt of a formal request for an appearance the District will stay the action through the appearance absent substantial disproportionate harm.

Performance Pending Hearing

All obligations which are not the subject of the dispute to be decided by the Commission

shall be performed by the District and/or the Customer. This shall include, in the case of a dispute over amounts to be paid, the payment of all non-disputed amounts.

Failure to Appear

If a Customer fails to appear before the Commission within thirty (30) minutes after the time set for the appearance, the Customer will be in default, and the Commission shall decide the disputed matter in favor of the District. If the Customer fails to appear, the Customer's request for another appearance will not be granted unless the failure to appear was caused by an emergency or because of the occurrence of an unforeseeable circumstance or event, which shall be determined by the General Manager. In such case, the subsequent appearance must be held within ten (10) business days of the original hearing.

Continuances

Any request for a continuance shall be made to the General Manager, which shall grant such a continuance only in the case of an emergency or because of the occurrence of an unforeseeable circumstance or event.

Representation

A Customer may represent himself/herself or may be represented by an attorney, relative, friend, or any person other than a District employee. If the Customer is to be represented by an attorney, the Customer must inform the District of that fact at the time the request for an appearance is delivered to the District, or if the services of an attorney are procured later, then as soon as such representation is arranged.

Evidence

The Commission may consider evidence that will assist the Commission in reaching a decision and may give effect to the rules of privileged communications (e.g., attorney/client privilege, husband/wife privilege, etc.) under the law. Information that is irrelevant and unduly repetitious may be excluded. Documentary evidence may be received in the form of copies or excerpts. Each party shall have the right to ask questions of persons who make statements at the appearance.

Legal Authority

The Commission shall apply as the first source of law District Resolutions, Code, and Regulations. If District authority fails to address the situation adequately, the Commission shall resolve the issue(s) based upon the legal authority and reasoning available, including that found in the state and federal constitutions, statutes, and court decisions.

Review of District Action

If the dispute involves a question of whether the Customer is indebted to the District, the District must establish the Customer's obligation by a preponderance of the evidence. If the dispute involves a question of whether a District decision is inconsistent with the regulations of the District, the Customer must establish by clear cogent and convincing evidence that the District action is unreasonable and in disregard of facts and circumstances.

2.9 Bulk Water Fill Stations

2.9.1 Conditions of Service

- Use of fill station water may be provided at the District’s discretion to retail service area customers subject to availability, impact to system operations, and other relevant factors as determined by the District.
- Pursuant to the District’s discretion as stated above, the District may establish an allocation program for fill station water that seeks to achieve the equitable distribution and use of such water among all customers/potential user categories.
- Customers seeking fill station water shall be required to complete and secure approval of an application for such water prepared by the District.
- Access/approval to receive fill station water may involve pre-paid debit cards issued by the District, which assist in the tracking quantity of water distributed on an annual basis or it may include the use of credit cards.
- The District does not warrant water provided by fill stations after passing the meter as suitable for domestic/potable use. This condition/limitation is required by the Washington State Department of Health.
- Water provided by fill stations must be beneficially used within the District’s approved WSP/CWSP service area. This Place of Use requirement/limitation is established in the District’s existing water rights.
- Non-compliance with the terms/conditions of a fill station permit may result in revocation of fill station approval and/or denial of future access.
- The District shall establish a cost/rate for fill station water. The District may adjust this cost/rate as circumstances/conditions require.
- The District may suspend or terminate access to fill station facilities if their operation is determined to compromise and/or adversely impact District water system sources, operations, facilities, and/or direct water service obligations.
- The District shall not make fill station water available for more than temporary and/or interruptible use until a fill station facility has been field tested by District staff and determined to meet District system design and operational reliability standards.
- The provision of fill station water may be provided subject to PUD Policy 2.5.7 – Interruption of Service, other applicable PUD policies, and applicable state and local laws, regulations, and ordinances.

Section 3 Metering and Billing Procedures

3.1 Metering

3.1.1 Methods of Installation for New Metered Water Service Connections

All new meter installations shall incorporate remote read meters. Six (6) installation procedures are described below. Their respective water service fees are addressed in Section 4 and Appendix A, Rates, Fees, Charges and Deposits.

Type One (1929-01)

Under a Type One installation, District will tap the water main, provide and install the service piping, meter with remote read device, and meter box and associated appurtenances.

Type Two (1929-01)

Under a Type Two installation, the water service line has been installed to the meter box location at the Applicant's property line as part of a water main extension by the developer/contractor and included in the water main extension cost. The District will provide and install the meter with remote read device, meter box and associated appurtenances.

Type Three (1929-01)

Under a Type Three installation, the water service line, meter box, and associated appurtenances, less the meter, have been installed to the Applicant's property line by the developer / contractor as part of a water main extension and included in the main extension cost. The District provides and installs the meter with remote read device.

Type Four (1929-01)

Under a Type Four installation, the water service line, meter with remote read device, meter box, and associated appurtenances have been installed to the Applicant's property line as part of a water main extension by the customer / developer and included in the main extension cost.

Type Five

Under a Type Five installation, a deduct service, consisting of water service line, meter with remote read device, meter box and associated appurtenances, will be installed downstream from and in series with the domestic service to a dwelling or structure. A deduct service is intended and available for irrigation of minor landscaping and other incidental uses that will not enter the local sanitary sewer system and shall not be larger than the adjoining meter. The deduct service may be installed concurrently with or after a Type One through Type Four domestic service and may be used for the purpose of metering water use that may not be discharged into the public sewer system (reducing the sewer bill

accordingly).

Type Six

Under a Type Six installation, District will tap a water main larger than 12 inches and less than or equal to 18 inches, other than concrete cylinder pipelines, provide and install the service piping, meter with remote read device, and meter box and associated appurtenances.

Other General Requirements relating to Type One through Type Six metered water services

- “Appurtenances”, relating to Type One through Type Six water services above, do not include pressure regulating or cross-connection control assemblies on the customer side (downstream) of the meter assembly.
- For services other than a single-family residence, applicants will be required to provide to the District a complete list of fixtures with their respective equivalent fixture unit values and a meter size determined by the applicant’s licensed plumber, architect, or engineer, as outlined by following the current adopted Uniform Plumbing Code. (1929-01)
- The District requires the installed water meter to meet the peak water demand. The District may approve an alternative means to meet the peak water demand. The required water meter size to be installed will depend on the peak flow requirement and the water pressure of the water main that will supply the metered water service. (1929-01)
- Because hydraulic limitations can restrict the District’s ability to provide water for a service connection, the District reserves the right to limit the size of the water service to be installed. This determination will be based on hydraulic considerations of the water main that will supply the metered water service. (1929-01)
- The District shall execute a water service contract for each new non-deduct irrigation service(s), outlining the duties of the District to provide water and the duties of the applicant in the use of the water, including a clause such that if problems arise related to water system source capacity or hydraulics, water for irrigation or other non- domestic demands can be limited or discontinued. Water for irrigation is recommended during, and may be limited to, “off peak” hours of 10:00 p.m. to 5:00 a.m. each day, or such hours as the District may prescribe.
- All charges, fees and expenses charged by local, State, or federal agencies to the District to fulfill an Applicant’s service application shall be added to the cost of the Type One service installation.
- All service connections to the District system shall be billed according to the appropriate rate schedule in Appendix A, Rates, Fees, Charges and Deposits.
- Special meters may be installed on any account when the nature of the Applicant’s equipment and operation so indicates for correct rate schedule application and/or Applicant service improvement.

The District shall adjust Installation Charges on January 1 of each year, based on increases in the Engineering News Record Construction Cost Index for the Seattle area from November of the preceding year. The actual fee paid will be those in effect at the time of payment.

Metered Services for Irrigation (1929-01)

Either of two types of irrigation services may be utilized: deduct (Type Five) or non-deduct (Types One through Four). These meter Types are described above.

3.1.2 Standpipe, Flushing Assembly or Fire Hydrant Use

Water use from fire hydrants, flushing assemblies or standpipes requires use of a fire hydrant meter. Additional details are provided in Sections 2.6, 2.7.3 and 4.1.5.

3.1.3 Fill Station Use

Use of fill station water may be provided to DISTRICT retail service area customers subject to the completion and approval of an application prepared by the DISTRICT. Additional details are provided in Sections 2.2.6, 2.9, and 4.1.6

3.2 Billing

3.2.1 Responsible Party

The responsible party is the person(s) for whom service is being rendered and the person(s) whose name appears as a customer according to the records of the District. It is the customer's responsibility to provide the District with current and correct contact information, including customer name(s), mailing address, phone number(s) and, if available, email(s) contact information (hereinafter referred to collectively as "billing address").

3.2.2 Meter Reading

Meters will be read on monthly or bimonthly cycles at the District's option.

- Double check or reduced pressure detector meters will be read monthly.
- The District may alter or reroute its meter reading and billing cycle dates when such alteration or rerouting is in the best interest of the District.

Opening or closing readings may be prorated.

3.2.3 Mailing and Notification

The District will send bills and notices by first class mail. Bills will be sent to the mailing address furnished by the Applicant or, at the option of the customer, an email notification that the bill is available electronically. An applicant/customer who does not provide a proper mailing address or a means of receiving mail, may be subject to disconnection.

Failure to receive or open a bill or notice will not release the customer from their obligation to pay for services provided.

3.2.4 Issuance of Bills

Bills will be issued monthly or bimonthly, depending on the reading cycle and assigned payment plan, and generally will be based on exact meter readings. Bills may be estimated when:

- Meter is not accessible to meter reader; or,
- Meter is under snow or water; or,
- Meter malfunctions; or,
- Other circumstances beyond District control that interfere with meter reading.

In the event that bills are estimated, an adjustment will be made at the time of the next regular billing that is based on an actual meter reading if available.

3.3 Payment

3.3.1 Application of Payments Received

Payments received shall be applied in the following priority to outstanding account balances: past due water service charges, past due penalties and fees, current water service charges.

3.3.2 Automatic Withdrawals

The Finance Manager of the District or his/her designee is authorized to enter into agreements with customers and their respective banking institutions to establish automatic payment of District water bills by cash withdrawals directly from customer bank accounts and to apply such withdrawals to payment of customer water bills according to District procedures.

To establish automatic withdrawals for payment of water bills the customer shall:

- Sign a form acceptable to the District and the customer's bank an authorization for a ~~cash~~ withdrawal from the customer's account for the purpose of paying the customer's water bill; and
- Provide a check on the customer's account with the bank, along with a routing number and account number whenever withdrawals are to come from such an account; and

Whenever an automatic withdrawal is rejected, the customer will be charged the penalty imposed for returned checks.

3.3.3 Credit and Debit Cards

The District will provide customers access to an independent contractor that provides credit or debit card services by telephone and online.

If credit card payments are revoked twice in a one-year period, the customer's right to utilize credit card payments may be rescinded.

3.3.4 Extended Payment Program

In order to be eligible for the extended payment program, a District customer must:

- Contact the District to arrange a payment plan before being placed on the disconnect list; and
- Have a satisfactory payment history with the District. "Satisfactory Payment History" means that the customer has complied with all terms of prior extended payment agreements with the District and during the previous eighteen (18) months the customer has not had a non-sufficient funds (NSF) check to the District, or a similar returned credit item, or been disconnected for non-payment; and
- Be named as the responsible party on the utility account or the legal owner of the property.

Under documented extraordinary circumstances, the Finance Manager may approve a payment arrangement for a customer who does not meet the eligibility criteria as set forth in subsection (1) of this section.

An executed payment agreement will be considered failed and revoked if:

- A customer fails to make timely payment pursuant to the terms of the executed agreement. "Timely payment" is defined as having been received in the District's offices by the close of business on the day specified; or
- If any portion of the charges for water billed to the customer after signing an extended payment agreement becomes delinquent; or
- If the bank returns any customer's payment and the payment amount is reversed during the terms of the extended payment agreement. This includes payments returned for non-sufficient funds (NSF) and/or other errors or omissions.

If an executed payment agreement fails or is revoked, the customer's water service is subject to immediate termination without further notification to the customer.

3.3.5 Returned Payments.

A service fee shall be added to the customer account for each returned item when notified by the District's bank of nonpayment by the customer's bank or payment vendor. The

service fee amount shall be set according to a fee schedule adopted by the District.

The amount of the returned item payment that was applied to the customer's account will be reversed, and the status of the account for collection and enforcement will be determined as if the District never received the returned item. The customer's account shall be immediately subject to all applicable fees and enforcement actions, including termination of water service, if applicable.

If the District receives two or more returned items within any 18-month period, the District may refuse to accept checks **or other electronic payments on that account.**

3.4 Procedures for Collecting Past-Due Accounts

In addition to the steps authorized by RCW 57.08, the following provisions set forth procedures to be utilized by the District if a bill for services rendered to a customer of the District becomes delinquent.

3.4.1 Water Bills

Each water bill shall include a billing date. The date will be the date the bill is mailed to the responsible party. Each bill will have a past due date. The past due date shall be eighteen (18) calendar days beyond the bill date.

3.4.2 Delinquent Notices

Delinquent notices shall be mailed to any responsible party that does not pay in full their water bill on or before the past due date shown on their water bill. Delinquent notices shall be mailed to the responsible party fourteen (14) calendar days after the past due date. The delinquent notice will allow the delinquent responsible party seven (7) calendar days to make payment. The total amount must be paid in cash, check or by credit card and received at the District office by the required payment date to avoid additional collections procedures and fees.

3.4.3 Late Fee

To recoup a portion of the cost associated with collecting delinquent bills, a late fee of \$10.00 or two (1%) percent per month, whichever is greater, will be applied to all customer's bill for all unpaid balances fourteen (14) calendar days beyond the bill due date. At their discretion, the Finance Manager or Customer Service Department employees are authorized to reverse a late fee on an account, provided that the account has had no late payment, reversals, or fees within the previous twelve (12) months and/or agrees to sign up for autopay.

3.4.4 Final Notice

Final notices shall be mailed to the responsible party notifying the Customer that their water service will be disconnected if payment in full is not received. The final notice shall be mailed one (1) working day after the pay-by-date specified on the delinquent notice. The final notice will allow the responsible party of record ten (10) calendar days to make

payment. The District reserves the right to deviate from this schedule; however, the sequence of events shall remain the same.

3.4.5 Disconnection Service Fee

Water accounts and services that are unpaid after the “Shut Off” deadline will be levied a disconnection service fee. The disconnection service fee shall be as indicated in Appendix A, Rates, Fees, Charges and Deposits.

Whenever an account becomes delinquent, all other charges, whether delinquent or not, become due and payable together with the delinquent amount. A customer with any delinquent amount not paid by the required payment date is subject to enforcement and collection procedures, including termination of water service, and fees and charges, as set forth in the District’s current fee schedule.

Water services placed on the disconnect list must pay the entire past-due account balance and the disconnection service fee in full before the service will be restored.

3.4.6 - Medical Emergency Shut-Off Protection

Any Customer with a medical emergency may request either to have their service not shut off or have it restored.

The following steps must be taken by the Customer once a medical emergency has occurred.

1. Once the Customer has been notified of and has acknowledged a planned shut off (either by phone, letter, actual shutoff, or by PUD employee dispatched to disconnect services) the Customer will have ten (10) days to:

1. a. Provide an explanation of how the current medical condition will be aggravated by disconnection of service signed by a medical provider that includes:

i. Residence location

ii. Estimate of how long the condition is expected to last.

iii. Title, signature, and phone number of the person certifying the condition.

2. If services are disconnected before the Customer claims a medical emergency, their services will be restored the following day for a reconnect charge as set forth in the schedule of appropriate District Rate Schedule(s) in Appendix A, Rates, Fees, Charges and Deposits. If the call to reconnect is after normal District work hours, the Customer may choose to have their water reconnected and pay the after-hours connect fee as set forth in the applicable Rate Schedule.

3. If the Customer fails to meet these conditions of reconnection, they will be sent a

disconnection notice and will be terminated at the next regularly scheduled disconnection cycle.

3.4.7 Heat Advisory Shut-Off Protection

The following steps will be taken when the national weather service has issued or has announced that it intends to issue a heat advisory for the area in which the residential user's address is located (RCW 54.16):

1. A residential user whose service has been disconnected for lack of payment, in the thirty (30) days prior to the national weather service heat advisory announcement, may request the district reconnect service.
2. The District shall make a reasonable attempt to reconnect service the next business day. The District may require the residential user to enter into a payment plan prior to reconnecting service in compliance with RCW.
3. At the District's sole discretion, disconnection of service(s) may be postponed until such time as the national weather service heat advisory is no longer in effect.

3.4.8 Hardship or Extenuating Circumstances

The General Manager or Finance Manager are authorized to grant extensions or accept partial payments for water services for extenuating circumstances or hardship cases. Extensions may be granted on a case-by-case basis. Extensions or partial payments will not be automatic and may only be granted if requested as outlined in the past due notice. Extensions or partial payments shall generally not exceed thirty (30) days in duration. Complete payment for extensions allowed under this clause shall generally be made in full no later than thirty (30) days after the pay by date as specified in Section 3.3.4. A Customer's failure to make payment within the extension period may result in disconnection of the Customer's water service without further notification.

3.4.9 Closed Account Minimum Balances

If the amount of any closing balance due is less than five (\$5) dollars, the District may cancel the charge and the service will be adjusted to a \$0.00 balance.

3.4.10 Transfer of Previous Unpaid Accounts

The District may transfer to any existing or new water service any unpaid charges for service previously rendered to the same Customer at any other location within the District's service area. Such transferred balance shall be considered part of the Customer's current obligation to the District as though the previous unpaid balance had been incurred at the present service address. The District may permit arrangement for payment of such transferred balance under the guidelines of Section 3.3.7.

If it is determined that a Customer has an outstanding balance from a previous account with the District and is receiving Benefit of Service through a different account with the District,

but not in the Customer's name, the outstanding balance may be transferred to the active account.

If it is determined that a Customer has an outstanding balance from a previous account with the District is eligible to receive a refund through a different account with the District, whether or not in the Customer's name, the outstanding balance may be deducted from the pending refund.

3.5 Billing Adjustments

3.5.1 Requests to Adjust Water Service Charges.

Ratepayer requests for a billing adjustment shall be referred to the Finance Manager.

- The Finance Manager shall review the request and have the authority to adjust a bill resulting from an error, mistake, or resulting from water loss due to damages caused by the District.
- If an adjustment to the water service charge is warranted for other than error or mistake, the Finance Manager shall provide the General Manager with a report and a recommendation for action. The General Manager is authorized to make the adjustments justified by the circumstances.

3.5.2 Request to Adjust Miscellaneous Utility Billing Charges or Other Fees, Fines, or Penalties.

Customer requests for waiver or adjustment of a utility billing charge or other fee or fine shall be referred to the Finance Manager.

- The Finance Manager shall be authorized to waive or dismiss a utility billing charge or administrative fee so long as the customer has not been charged the fee at any prior time and has not previously had any other utility billing collection charge or administrative fee waived.
- The Finance Manager is also authorized to dismiss or adjust a utility billing collection charge or administrative fee if they determine that the fee was assessed in error or District staff failed to follow District procedures.

3.5.3 Adjustments

Retroactive adjustment.

Retroactive adjustment of commercial, industrial, and residential bills arising from an incorrect application of rates, stuck meters, or clerical errors will typically be made only for those billing periods within the six months immediately preceding discovering the circumstances for which the adjustment is made. At the discretion of the General Manager,

adjustments over six months may be made.

Misidentification or mix-up.

Should one customer be billed for service furnished to another because of misidentification of the meter(s) through which each customer has received service, each account typically will be corrected for the last six months of service so billed and paid. Each account will then be charged for all service furnished but limited to those billing periods which occurred within the six-month period immediately preceding discovery of the meter mix-up. At the discretion of the General Manager, the six-month period may be extended or shortened based on the particular circumstances.

3.6 Leak Adjustments

3.6.1 Conditions

Customers may be eligible for an adjustment to their water bill subject to the following criteria:

- No adjustment will be made for any leaks or breaks beyond the external entrance to the primary structure. This includes leaks within or under the structure, internal or exterior fixtures, or irrigation lines.
- No adjustment will be made for any branches coming off the main service line.
- The water bill must be at least two (2) times the average usage for the same billing period over the past three (3) years.
- The leak or break must be repaired within 30 days of notification by the District that a leak may exist or of the customer's actual discovery of the leak.
- A property is eligible to receive only one (1) leak adjustment every five years, regardless of changes in tenants or occupants.
- Adjustments are only available for residential customers including multi-family dwellings with two units or less.
- The adjustment will only apply to the leak period and shall not exceed four (4) consecutive months or two billing cycles.
- The break or service line leak and its repair must be documented in an acceptable manner to the District. Documentation may include a licensed plumber's itemized invoice, repair order, photos, receipts, or other documentation as necessary to support the adjustment request and document any repairs. A request for an adjustment shall be on an official form provided by the District.

3.6.2 Adjustment Procedure

Should all these conditions be met, then staff will enter an adjustment on the customer's water bill as follows:

- The adjustment amount will equal half the difference between the high-water consumption and normal average consumption.
- In the absence of three (3) years of billing history, the District's Finance Manager may determine an alternative method to establish "average" consumption for a similar-sized dwelling on which to base an adjustment.
- All adjustments will be applied as a credit to the account balance. Leak adjustments will only be refunded to closed accounts with a credit balance.
- Adjustments are limited to \$1,000 maximum amount.

3.7 Adjusting Customer's Water Bills Due a Declared Disaster

It is recognized there may be cases that are dependent upon nature and beyond the Customer's control: e.g., floods that inundate an area for durations longer than two days. When the federal or State government declares an area as a disaster area, the District's policy will be:

- When a Customer's meter(s) cannot be accessed on a normal reading day cycle, the Customer will be invoiced for the meter charge only (no consumption charges); further, the Customer's bill will reflect any consumption charge for that period on his subsequent bill when the District's meter reader can gain normal access to the meter.
- Should a Customer incur damage to his water piping system on the Customer's side of the meter, due to or during the event, the District will adjust the Customer's water loss as follows:
- Where the cost of the excess water is not equal to more than the Customer's average consumption charge over the previous two (2) meter readings, the Customer will be charged the average of the previous two (2) billings for each billing period missed and no further adjustment will be made.
- When the excess water amounts to more than the average of the previous two (2) meter readings, the District will adjust the consumption charge to the average of the previous two (2) billings.
- If bills are estimated, an adjustment will be made at the time of the next regular billing that is based on an actual reading.
- Once the Customer learns of the water loss, the Customer must take immediate steps to correct the faulty plumbing, equipment or pipe causing the loss. This requirement is predicated on the event subsiding sufficiently to access the problem area.
-

The Customer must inform the District that the problem has been corrected so that investigation, meter readings and records can be made reflecting the problem, action taken to correct the problem and the dates of such action.

Section 4

Water Rates, Fees, and Deposits

4.1 Rates (1876-99)

4.1.1 General Provision

The District has rate schedules for particular types of services provided. A summary of these charges is provided in Appendix “A”. In case of conflict between the provisions of any rate schedule or special contract and this Water Code, the provisions of the rate schedule or special contract shall apply. Rates shall be charged from the date the meter is installed and activated.

Tables A-1 and A-2 in Appendix “A” indicate the standard meter and consumption rates for the majority of District water service Customers.

Meter charges and consumption charges are covered through the upstream domestic service meter charges and do not apply to a deduct meter, as defined in Section 3.1.1. Deduct meters are to be charged a deduct meter reading fee, per Table A-9, Appendix “A”.

4.1.2 Wholesale/Special Contract Customers (1876-99)

The rates and charges for Wholesale/Special Contract Customers described in Section 2.2.2 and 2.2.3 shall be as specified in their contracts with the District. The District shall compute their billings utilizing the monthly meter charge as specified in Appendix “A”, Table A-1 and consumption charges as specified in Appendix “A”, Table A-2 for All Others, unless otherwise specifically provided for in a written contract with the District.

The District shall give the Wholesale/Special Contract Customers written notice of a rate increase. The billings utilizing this rate increase for this class of Customer shall conform to the notification requirements of each contract.

4.1.3 Private Fire System (1876-99)

Automatic Sprinkler Equipment/Privately Owned Fire Protection Facilities

A monthly charge for standby service for automatic sprinkler equipment/privately owned fire protection facilities connected to the water system shall be calculated per inch of nominal pipe diameter of the Customer’s pipe at the point that such pipe connects to the District-owned facilities. Such charges shall be billed in advance. Automatic Sprinkler Equipment/Privately Owned Fire Protection Facilities rates are provided in Appendix “A”, Table A-3.

If a detector check meter registers water for non-emergency use, the Customer will be assessed a 5/8-inch meter Monthly Basic Fixed Charge per Appendix “A”, Rates, Fees and Charges and Deposits Table A-1, for at least two-meter reading cycles for each month of non-

emergency use. Any water for non-emergency use shall be billed per Appendix “A”, Rates, Fees and Charges and Deposits, Table A-2, Consumption Charges “All Others”. (1876-99)

4.1.4 Potlatch System Water Rates (1862-99)

The District has determined that the water rates established for Potlatch should include those amounts necessary to cover the additional costs and expenses associated with the unique nature of the Potlatch System. (1862-99)

Water rates have been developed specifically for the Potlatch System (1862-99) and are provided in Appendix “A”, Table A-5.

4.1.5 Fire Hydrant Meter Water Rates

Water consumed through fire hydrant meters shall be charged a monthly fire hydrant meter use charge and a consumption charge based on water consumed. Rates are indicated in Appendix “A”, Table A-4.

4.1.6 Bulk Water Fill Station Water Rate

The District has determined that the water rate established for a Fill Station should include those amounts necessary to cover the additional costs and expenses associated with the unique nature of a Fill Station.

The water rate has been developed specifically for a Bulk Water Fill Station and is provided in Appendix “A”, Table A-7.

4.1.7 Agriculture Rate

The District has determined that a separate classification for agricultural uses will help maintain, preserve, conserve, and otherwise continue in existence adequate open space lands for agriculture purposes.

The agriculture rate is available for water services that meet the following criteria:

- Water service(s) on property classified as farm and agricultural land with the Skagit County Assessor under Chapter 84.34 of the Revised Code of Washington; and
- Water service(s) certified in compliance with the District’s Cross Connection Control Program.

The new rate will increase cooperation in the District’s Cross Connection Control Program, thus increasing the overall safety of the water system to the benefit of all our customers.

The water rate has been developed specifically for agricultural uses and is provided in Appendix “A”, Table A-7.

4.2 System Development Fees

4.2.1 Basis for System Development Fee

The District has limited capacity to serve additional Customers without increased infrastructure. The system development funds are utilized to help offset additional

infrastructure costs needed to meet the additional load created by increased demand on the system, and replacement costs. System development funds are intended to be used for improvements that benefit major portions of the service area of a District water system, and their use requires approval of the District’s Board of Commissioners.

System development fees are calculated based on the benefit of existing capacity and projected future capacity improvements to the District’s water systems over a given period. The current system development fee schedule is based on the factors and costs indicated.

System development fees are covered through primary services and do not apply to auxiliary metering systems such as deduct services and detector check meters.

4.2.2 Weighting Factors for Meters

The District has determined that the American Water Works Association (AWWA) has established in Standards C-700 and C-702 the safe maximum operating capacity for displacement and compound water meters, and that the safe maximum operating capacity of such water meters of various sizes is related to the following proportional weighting factors:

<u>Meter Size</u>	<u>Weighting Factor</u>
5/8-inch	1
3/4-inch	1.5
1-inch	2.5
1 1/2-inch	5
2-inch	8
3-inch	16
4-inch	25
6-inch	50
8-inch	80

4.2.3 Policies for Calculating System Development Fees

The System Development Fee for a 5/8-inch meter shall be the unit basis of System Development Fees for all meters.

The System Development Fees for positive displacement meters ranging from 5/8-inch to and including 1-1/2-inch and compound meters ranging from 2-inch to and including 8-inch shall be based on the System Development Fee for a 5/8-inch meter multiplied by the weighting factor for that meter, charge on Exhibit “A” at the time of payment.

The System Development Fees for types and sizes of meters other than the positive displacement and compound meters listed above shall be based on the System Development Fee for a 5/8-inch meter multiplied by a weighting factor for that meter. The weighting factor shall be based on the safe maximum operating capacity established in the most current AWWA Standards for that meter.

Each meter serving other than a single family residence shall be selected: (1) based on the sizing requirements of the most recently adopted International Association of Plumbing and Mechanical Officials (IAPMO) Uniform Plumbing Code, (2) to flow not more than the safe maximum operating capacity of the meter per AWWA Standards, and (3), if the proposed use generally has a pattern of continuous flow (a relatively consistent flow for 6 hours or more), to flow not more than 50% of the safe maximum operating capacity of the meter during such periods of continuous flow.

The District does not guarantee that the safe maximum operating capacity or continuous flow capacity of a meter, or any rate of flow will be available from the District's water system. System capacities, water rights, hydraulics, environmental factors, or other issues may limit the amount of flow available through any meter at any given time. It is a core value of the District to maintain an adequate level of service to existing customers. The District reserves the right to limit any customer's use when that use has or will have an adverse impact to the District's obligations and responsibilities.

Additional System Development Fees in excess of those listed above may be incurred by the Customer when the Customer's use exceeds the flow rates and/or usage listed in a Water Contract (see Section 4.2.4 Water Contracts).

The System Development Fees per meter size are also indicated in Appendix "A" Table A-6.

4.2.4 Water Contracts

The District shall execute a Water Contract for each new meter with a weighting factor of 8 or more (2-inch and larger), or each group of meters (regardless of size) whose weighting factors sum 8 or more, each meter hereinafter termed "contract meter". The Customer's projected flow rates and usage for each contract meter shall be listed in the Water Contract. If a Customer's use through any contract meter exceeds the listed flow rates and/or usage, the District reserves the right to require the Customer to modify the use to those listed in the Water Contract. If the Customer has not modified the use through that meter(s) to those listed in the Water Contract within 120 days of the notice requesting the modification of use, the Contract will be amended in writing and the Customer will be responsible for any mitigation deemed necessary. Mitigation shall be determined by the District, and may include, but is not limited to, additional charges and/or water system improvements including all associated costs.

Any existing non- "contract meter" purchased on or after November 1, 1999, will become a contract meter, subject to all Water Contract requirements, if additional meters are purchased to serve the same property or lot and the summed weighting factors of all meters is 8 or more, a Water Contract will be required.

These provisions apply only to meters purchased on or after November 1, 1999. Water services in existence on October 31, 1999, will not be subject to these provisions, unless said meter(s) is upsized or removed and its System Development Fee value applied to a new meter(s).

The District does not guarantee that the safe maximum operating capacity or continuous flow capacity of a meter, or any rate of flow will be available from the District's water system. System capacities, water rights, hydraulics, environmental factors, or other issues may limit the amount of flow available through any meter at any given time. It is a core value of the District to maintain an adequate level of service to existing customers. The District reserves the right to limit any customer's use when that use has or will have an adverse impact to the District's obligations and responsibilities.

The District may provide water service to two separate types of real estate: first, a tract of real estate, comprised of one or more parcels in the records of the Skagit County Assessor, but certifiable to be one "property" of record according to the deed and, second, a portion of such a legal "property" of record, having its own describable boundaries and requiring its own source of water separate from the balance of the "property", often affected by a lease from the property owner. Based on this:

- if multiple contract meters serve a single "property" (a single tract of land not affected by a lease), the System Development Fee shall be charged as indicated in the Water Contract; and
- if multiple contract meters serve a single "lot" (a single tract of land affected by a lease, perhaps within a larger "property"), the System Development Fee shall be charged in the same manner as for a "property" but shall only account for the meters serving the specific "lot" on the "property".

The District retains the final decision of what constitutes a "property" or "lot". In both cases, the Water Contract shall define the Customer's allowable flow rates and usage through the contract meter(s).

4.2.5 System Development Fees for Satellite Systems (1937-01)

System Development Fees developed specifically for future LUDs or satellite systems that are not anticipated to connect to the Judy Reservoir System or be conveyed water via the District's Water Supply Agreement with the city of Anacortes, shall be subject to only the "General Plant" portion of the System Development Fee structures, providing required criteria has been met for obtaining water service. The General Plant portion charged shall account for annual construction cost index increases and shall be multiplied by the appropriate weighting factor for the meter selected; Appendix "A", Table A-6.

4.2.6 Annual Adjustments to System Development Fee Schedule (1877-99)

The District shall adjust the System Development Fees on January 1 each year, subject to review by the Commission, based on increases in the Engineering News Record Construction Cost Index for the Seattle area from November of the preceding year. The fee adjustment in the 5/8-inch meter size will be based on the change in the construction cost index for the preceding 12 months, using the previous November as a baseline. The fee shall be rounded to the nearest \$5.00 increment. Fees for other meter sizes are incrementally determined using a multiplier upon the 5/8-inch rounded meter fee.

4.2.7 Adjustments for Upsizing, Downsizing, or Combining Water Services

If the meter of a water service is increased in size, the Customer shall pay a System Development Fee equal to the difference between the original meter and the new larger meter, both fees being based on the System Development Fee schedule in effect at the time of the upsizing.

Should a Customer request that a smaller meter be installed to serve their dwelling or establishment, System Development Funds shall not be refunded. In turn, the same water service Customer can have the meter size increased up to and equivalent to pre-existing water meter size for ten (10) years after the date of downsizing the water meter without being required to pay additional System Development Fees.

If a Customer has one or more water services serving the same parcel or lot and requests the removal of one or more of the water meters and the installation of one or more new meters, the System Development Fee of the removed meter(s) shall be applied towards the System Development Fee of the new meter(s), all fees being based on the System Development Fee schedule in effect at the time of request. If the System Development Fee(s) of the new meter(s) exceeds the System Development Fees of the removed meter(s), the Customer shall pay the difference. If the System Development Fee(s) of the removed meter(s) exceeds the System Development Fees of the new meter(s), no refund will be made.

4.2.8 Miscellaneous

4.3 Connection Charges for New Metered Water Services

All new meter installations shall be levied a connection charge (meter installation charge) per the fee schedule in Appendix “A”, Table A-8, for the same water service installation types described in Section 3.1.1.

Installation fees for water service installations involving tapping a water distribution pipeline larger than 18 inches or any concrete cylinder water pipeline will be on a time and material basis and not less than a Type Six installation fee.

The deduct service may be installed concurrently with or after the domestic service and shall be charged according to the fee schedule for a Type Two, Type Three, or Type Four water service, depending on the extent of installation.

4.4 Other Fees

A fee will be charged for any financial instrument that does not clear the financial institution (e.g., NSF checks, ACH returns, closed accounts). See Appendix “A”, Table A-9.

4.5 Service Deposits

District staff will determine the credit risk for each customer at the point of application.

4.5.1 – Residential

A deposit is required from all residential Customers unless the Customer has established a satisfactory credit record with the District or provides a letter of credit from another utility. Letters of credit must include a minimum of twelve (12) months history with no late fees or disconnection charges. The deposit shall be as set forth in Appendix “A”. **Credit Report Authorization Form with a credit score of 670 or higher.**

4.5.2 – Commercial

A deposit is required from all commercial Customers unless the Customer has established a satisfactory credit record with the District. The deposit shall be as set forth in Appendix “A”.

4.5.3 Existing Customers

Existing Customers with an unsatisfactory payment history with the District may be required to provide a service deposit as a condition of continuing to receive water service.

Customers applying for the installation of a new water service that includes the payment of a system development fee and/or meter installation charge shall be waived from the requirements of a service deposit and activation fee or payment history as the Customer has demonstrated financial capacity to the District. This waiver is conditioned on the provision that the Customer does not have a previous unsatisfactory payment history with the District.

4.5.4 - Refund of Deposits

At the discretion of the District, deposits may be refunded or credited to an account when requested by a Customer who has exhibited a satisfactory credit rating with the District over the prior eighteen (18) months. Satisfactory credit means no late fees, NSF fees, or late payments. Deposits will be credited to an account upon termination of service.

4.5.5 - Transfer of Deposit

Should a Customer transfer service to a new service location, thereby closing one account and opening a new account, the deposit shall be transferred to the new account.

If the closing of the old account and the opening of a new account are done simultaneously.

4.6 Basis for Deposit

The service deposit amount for a residential 5/8-inch metered service shall be based on two times the two-month average billing, rounded up to the nearest \$5.00 increment as determined from time to time when water rates are adjusted. Larger meter service deposits will be incrementally adjusted based on multipliers or final fee indicated in Appendix “A”, Table A-10.

4.5.4 Unusual or Exceptional Cases

Service deposits may be required and/or increased in unusual or exceptional cases where management deems it necessary to protect the District adequately.

In extremely rare instances, the District may waive service deposit and credit reference requirements if, in the judgment of the District, there is a substantial indication of minimal District exposure to loss. An example of this modification would be to serve a governmental entity such as a city or county.

Service deposits or sufficient proof of a satisfactory credit history shall be received at the time of application. Non-compliance with the arrangements is cause for disconnection from service. A reconnection charge in the amount established per District rates, fees, charges, and deposits will be assessed in the event of a disconnection. See Appendix "A", Table A-9.

4.5.5 Refund

When a Customer with a service deposit leaves service, the District will refund the service deposit less the amount of unpaid bills. Refund checks will be distributed once all necessary internal processing is completed.

To prevent fraud or loss of District funds, refund checks for overpayments will not be distributed until all necessary internal and external processing is complete. This may take up to fourteen (14) days to process refund requests.

4.5.6 Unpaid Bills

Any unpaid bills may be assigned to any other active accounts of the Customer per Section 3.3.9.

A request for service by the Customer may require payment of any unpaid bills before service activation.

The District may submit to an attorney or collection agency a request to collect any unpaid bills after District collection attempts have failed, including unpaid bills remaining after the service deposit has been applied. Upon assignment of an account by the District for collection, all collection fees will be added to the balance owed.



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July 25, 2023

MEMORANDUM

TO: Board of Commissioners
FROM: George Sidhu
SUBJECT: Credit Cards Administrative Practice & Procedure #2036

Requested Action:
Information Only

Background:
Use of District Credit Cards AP&P #2036 was last updated in August of 2017. Since that time, there have been changes to the District Purchasing Approval and Payment Authority Policy #1031, which established and expanded the use of District P-Cards. This update will align both the Policy and the Procedures for District P-Card users.

Some of the benefits identified of using District P-Cards:

- reduce paperwork and processing time
- allow purchase reconciliation and account coding on-line
- increase productivity
- electronically track P-Card activity
- reduce transaction volumes for low dollar purchases
- issue one payment per month to the Bank instead of multiple payments to multiple suppliers

Fiscal Impact:
None

Enclosures: [1. AP_P_2036-Credit_Cards_Redline_2023](#)
[2. AP_P_2036-Credit_Cards_Clean_Copy_2023](#)
[3. Employee_Aknowledgement](#)



Use of District Credit Cards Administrative Practice & Procedure #2036

Purpose

This Administrative Practice & Procedure (AP&P) addresses the process for using and accounting for credit card purchases and is intended to provide controls over purchases made with District credit cards. In addition to these procedures, all credit card transactions must comply with the Purchasing Approval and Payment Authority Policy #1031.

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Authorization and Control

The District recognizes that the use of credit cards to be an appropriate and useful means of making payments for a variety of types of purchases. The District has established the need for credit cards under Resolution No. 2171-10, which is replaced and superseded by this Administrative Practice & Procedure.

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The Purchasing Card (P-Card) program allows District cardholders, to purchase goods and services using a credit card for a single transaction. The program enables the District to eliminate purchase requisitions, purchase orders, invoices, and check requirements for these purchases.

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District Use of P-Cards will:

- reduce paperwork and processing time
- allow purchase reconciliation and account coding on-line
- increase productivity
- electronically track P-Card activity
- reduce transaction volumes for low dollar purchases
- issue one payment per month to the Bank instead of multiple payments to multiple suppliers

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District Suppliers/Merchants will:

- receive immediate payment for their goods and services supplied to the District

The District has ~~four~~ three types of credit cards:

1. Store-Specific Cards - these are secured by the Storekeepers. They must be checked out by an employee who has a written approval from their supervisor. The approval will include a detailed list of what ~~is going to will~~ be purchased. The card and detailed receipts must be returned to the Storekeepers immediately after the purchase is made.
2. Fuel Cards - are controlled by the ~~S~~storekeepers. On-road and/or Off-road Fuel Cards will be assigned to employees as appropriate. The employees will be required to sign the "Use of Vehicles, Equipment and Fuel Cards Acknowledgement" at the time the card(s) are assigned. Signed Acknowledgements will be maintained and held ~~with by the~~

sStorekeepers.

~~3. VISA Cards are held by the Commissioners and the General Manager. The Commissioners' cards are restricted for travel related charges only. The General Manager's card can be used for other District expenses that require the use of a credit card and travel related charges.~~

~~VISA Purchasing Card (P-Card) held and controlled by the Finance Department. Purchasing authority for each P-Card user shall be established on a case-by-case basis by the General Manager and Finance Manager. A single transaction limit and a monthly transaction limit will be established for each individual base on their responsibilities and needs.~~

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~~4. Examples of allowable uses of the P-Card may include, but not limited to, registration fees, business and computer services, reference materials, one-time vendor purchases, gift cards, light refreshments, and permit fees. All District employees with demonstrated need (frequent small purchases) that are approved for a P-Card will be required to sign an "Employee P-Card Agreement". The benefits of issuing P-Cards to individuals provides the District with additional fraud and theft protection. Purchases made on the P-Card must be pre-approved by the employee's supervisor using a Purchase Order (for purchases over \$100) or a Request for Authorization to Purchase form (for purchases under \$100). After the pre-approval documentation is provided to the P-Card Custodian in the Finance Department, the P-Card Custodian will make the purchase on behalf of the employee. The P-Card and associated card number may only be used by the P-Card Custodian.~~

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For all District credit cards, documentation must include detailed receipts that prove the validity of every transaction and travel related charges must be accompanied by a fully itemized travel expense voucher, as required by RCW 42.24.115. **All receipts must be signed by the P-Card holder and include their employee number.**

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Merchandise returns and billing errors, and disputes are the cardholder's responsibility. Cardholders must communicate with suppliers to process returns, correct billing errors, and ensure the proper credit has been issued.

Purchasing Limits

- ~~The VISA credit cards issued to the Commissioners have a cycle limit of \$4,000.~~
- ~~The VISA credit card issued to the General Manager has a cycle limit of \$3,000.~~
- ~~The P-Card has a cycle limit of \$5,000 and a single transaction limit of \$1,500.~~

Purchasing Restrictions

The following credit card uses are not authorized:

- Cash advances of any kind
- ~~• Payment of invoices or statements~~
- Personal items or expenses
- Alcoholic beverages
- Purchases not allowable under state law or District policy.

~~The following list covers merchant categories for which P-Card use is not authorized:~~

- ~~• Airlines~~
- ~~• Auto Rentals~~
- ~~• Hotels~~
- Restaurants
- ~~• Auto Maintenance~~
- Casinos, Gaming, Entertainment
- Liquor Stores

~~Computer hardware/software without prior written approval from the It Manager,~~

- ~~• Office furniture without prior written approval from the General Manager,~~

Reward Points

~~The Treasurer is the administrator for the VISA Cards and the only person with the authority to transfer points earned on District credit cards. All points earned from P-Card transactions will belong to the District. ~~only be transferred to the District's primary business checking account.~~~~

Enforcement

Any charges disallowed following a Finance Department audit shall be paid by the official, officer, or employee by check, U.S. currency, or salary deduction within 30 days of the billing date. If, for any reason, disallowed charges are not repaid before the charge card bill is due and payable, the District shall have a prior lien against and a right to withhold any and all funds payable, or to become payable, to the official or employee up to an amount of the disallowed

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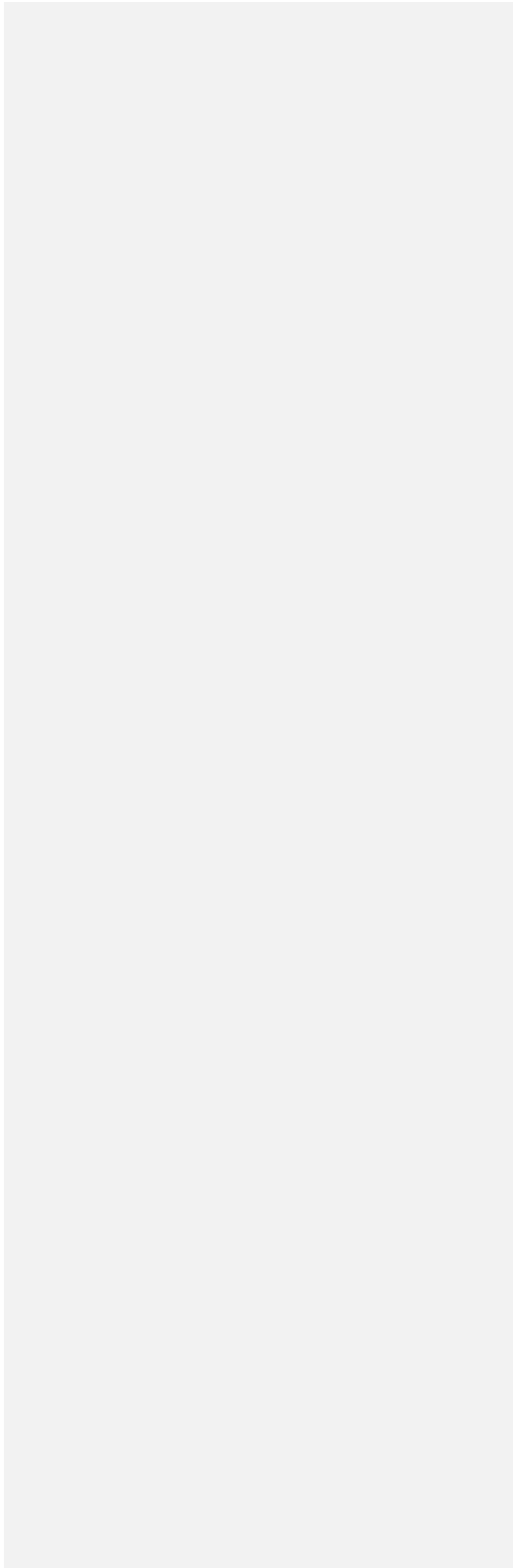
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| charges and interest at the same rate as charged by the company which issued the charge card. _





Use of District Credit Cards Administrative Practice & Procedure #2036

Purpose

This Administrative Practice & Procedure (AP&P) addresses the process for using and accounting for credit card purchases and is intended to provide controls over purchases made with District credit cards. In addition to these procedures, all credit card transactions must comply with the Purchasing Approval and Payment Authority Policy #1031.

Authorization and Control

The District recognizes that the use of credit cards to be an appropriate and useful means of making payments for a variety of types of purchases. The District has established the need for credit cards under Resolution No. 2171-10, which is replaced and superseded by this Administrative Practice & Procedure.

The Purchasing Card (P-Card) program allows District cardholders, to purchase goods and services using a credit card for a single transaction. The program enables the District to eliminate purchase requisitions, purchase orders, invoices, and check requirements for these purchases.

District Use of P-Cards will:

- reduce paperwork and processing time
- allow purchase reconciliation and account coding on-line
- increase productivity
- electronically track P-Card activity
- reduce transaction volumes for low dollar purchases
- issue one payment per month to the Bank instead of multiple payments to multiple suppliers

District Suppliers/Merchants will:

- receive immediate payment for their goods and services supplied to the District

The District currently utilizes three types of credit cards:

1. Store-Specific Cards - these are secured by the Storekeepers. They must be checked out by an employee who has a written approval from their supervisor. The approval will include a detailed list of what will be purchased. The card and detailed receipts must be returned to the Storekeepers immediately after the purchase is made.
2. Fuel Cards - are controlled by the storekeepers. On-road and/or Off-road Fuel Cards will be assigned to employees as appropriate. The employees will be required to sign the "Use of Vehicles, Equipment and Fuel Cards Acknowledgement" at the time the card(s) are assigned. Signed Acknowledgements will be maintained and held by the storekeepers.

3. Purchasing Card (P-Card) - Purchasing authority for each P-Card user shall be established on a case-by-case basis by the General Manager and Finance Manager. A single transaction limit and a monthly transaction limit will be established for each individual based on their responsibilities and needs.

Examples of allowable uses of the P-Card include, but are not limited to, registration fees, business and computer services, reference materials, one-time vendor purchases, gift cards, light refreshments, and permit fees. All District employees with demonstrated need (frequent small purchases) that are approved for a P-Card will be required to sign an "Employee P-Card Agreement". The benefits of issuing P-Cards to individuals provides the District with additional fraud and theft protection.

For all District credit cards, documentation must include detailed receipts that prove the validity of every transaction and travel related charges must be accompanied by a fully itemized travel expense voucher, as required by RCW 42.24.115. All receipts must be signed by the P-Card holder and include their employee number.

Merchandise returns and billing errors, and disputes are the cardholder's responsibility. Cardholders must communicate with suppliers to process returns, correct billing errors, and ensure the proper credit has been issued.

Purchasing Restrictions

The following credit card uses are not authorized:

- Cash advances of any kind
- Personal items or expenses
- Alcoholic beverages
- Purchases not allowable under state law or District policy.
- Casinos, Gaming, Entertainment
- Liquor Stores

Computer hardware/software without prior written approval from the It Manager

Office furniture without prior written approval from the General Manager

Reward Points

All points earned from P-Card transactions will belong to the District.

Enforcement

Any charges disallowed following a Finance Department audit shall be paid by the official, officer, or employee by check, U.S. currency, or salary deduction within 30 days of the billing date. If, for any reason, disallowed charges are not repaid before the charge card bill is due and payable, the District shall have a prior lien against and a right to withhold any and all funds payable, or to become payable, to the official or employee up to an amount of the disallowed charges and interest at the same rate as charged by the company which issued the charge card.



Skagit Public Utility District Employee Purchasing Card Agreement

This agreement outlines my understanding and acceptance of the responsibilities I have as a holder of a District Purchasing Card (P-Card).

I understand that it is my responsibility to:

1. Read and understand this entire agreement before signing.
2. Read, understand, and comply with all Purchasing Policies and P-Card Policies and Procedures.
3. Comply with the transaction limit imposed on my P-Card. I understand that “splitting” of purchases to bypass the transaction limit is not allowed.
4. Use my P-Card for the purchase of goods and payment for allowed services for the conduct of District business only.
5. Personal use of my P-Card is not allowed.
6. Keep my P-Card secure.
7. Obtain and retain detailed, itemized receipts for all purchases.
8. Each month I will use the Banner Bank Online program to electronically reconcile all activity that appears on my monthly P-Card statement, including:
 - a. Verify the accuracy of each charge against the receipt.
 - b. Verify account codes and ensure codes are consistent with the type of purchase.
 - c. Print a Transaction Summary Report and attach all receipts in the order in which they appear.
 - d. Submit the completed transaction Summary Report with all receipts attached to Accounts Payable, within 10 days of the invoice.
9. Report a lost or stolen card, fraudulent activity, or discrepancies immediately to Banner Bank as well as to the finance department. Banner Bank representatives are available 7 days a week, 24 hours/day. This action is required to relieve the District and myself of liability for fraudulent use.
10. Resolve all discrepancies by working with the merchant/supplier and Banner Bank as needed.

I understand that if I do not meet the monthly deadlines, my P-Card may be suspended, and no further purchases allowed. I understand that my P-Card is the property of the District, and therefore, I may be periodically required to comply with internal control procedures designed to protect District assets.

I understand that any misuse of the P-Card or failure to comply with P-Card policies or Purchasing Policies and procedures may result in:

- disciplinary measures that may include termination and/or legal action,
- permanent revocation of the P-Card and/or
- direct payroll deduction for any unauthorized or personal charges made on the P-Card.

My signature below indicates that I have read and understand my responsibilities as a P-Card holder, and that I agree to adhere to the guidelines established for the program as outlined in the District's P-Card Policies and Procedures. I also agree to be responsible for my P-Card use and authorize the District to deduct charges resulting from my misuse of the P-Card from my paycheck.

Employee Signature _____ Date _____

Employee Number _____

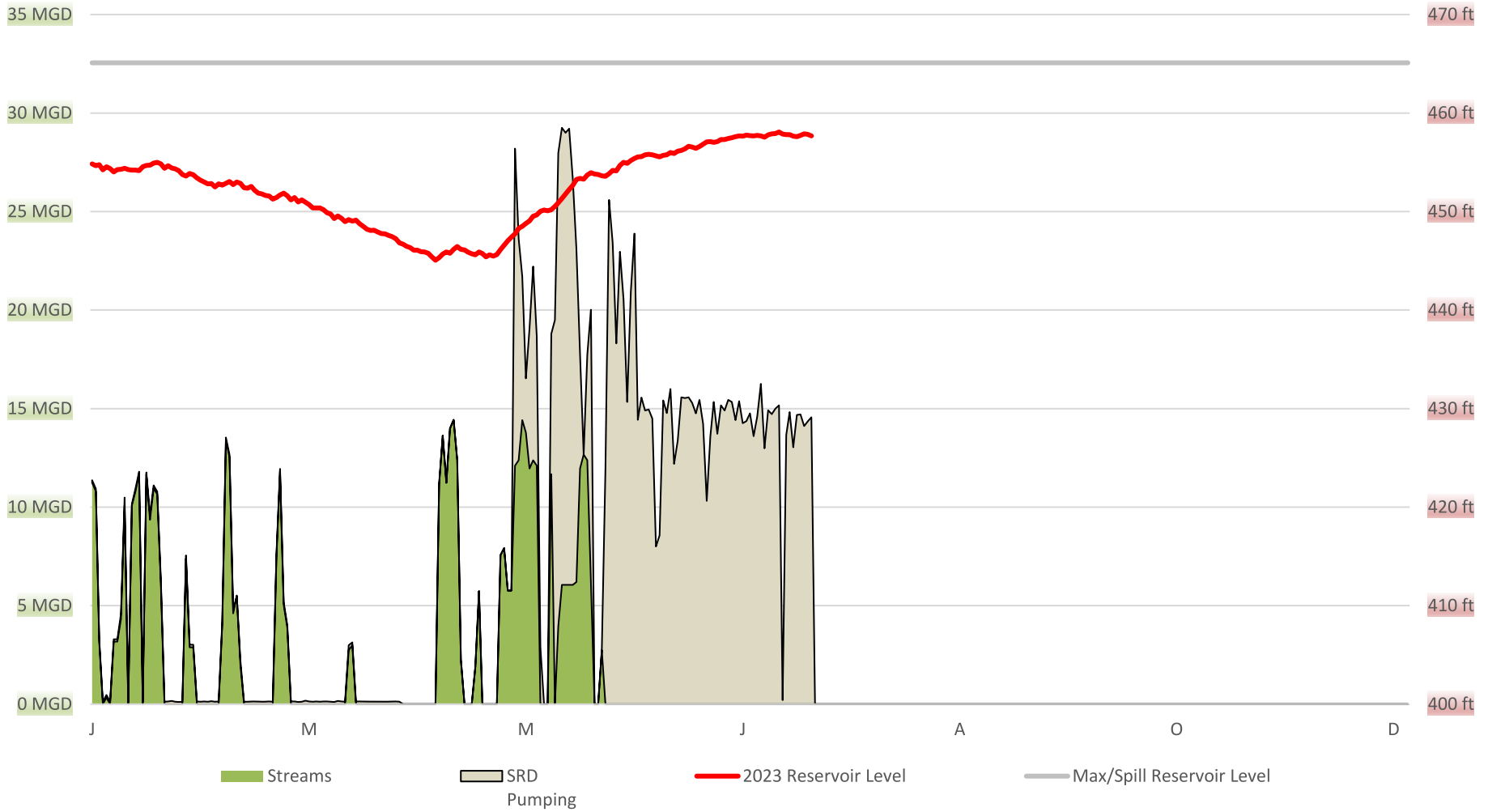
PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
JUNE 2023

	Current Month	YTD 2022	YTD 2023	Percent Change	Budget 2023	Budget to Actual %
Beginning Reserves		\$ 32,727,736	\$ 39,568,661	21%		
Revenues						
Residential & Multi-family	\$ 2,038,261	\$ 9,841,525	\$ 10,722,071	9%	\$ 10,399,887	103%
Comm. Gov't & Agriculture	\$ 847,390	3,374,485	3,794,804	12%	3,405,338	111%
Resale	\$ 34,118	62,434	73,940	18%	79,485	93%
Irrigation	\$ 141,821	187,503	264,264	41%	194,292	136%
Water Sales	\$ 3,061,590	\$ 13,465,947	\$ 14,855,078	10%	\$ 14,079,002	106%
Other Water Sales	\$ 71,082	211,029	258,170	22%	218,691	118%
Non-operating Revenue	\$ 205,800	135,842 (a)	977,634	620%	268,538	364%
Work & Service Orders	\$ 50,723	476,246 (b)	230,415	-52%	375,002	61%
System Development Fees	\$ 182,072	482,147 (b)	430,863	-11%	500,000	86%
Total Revenues	\$ 3,571,268	\$ 14,771,211	\$ 16,752,160	13%	\$ 15,441,233	108%
Operating Expenses						
Salary/Wages/Benefits	\$ 764,667	5,191,577	5,083,605	-2%	5,903,367	86%
WTP - Water, Power, Chem.	\$ 128,484	663,811	641,869	-3%	742,963	86%
Repairs & Maintenance	\$ 40,942	454,657	435,036	-4%	769,070	57%
Equipment & Fleet	\$ 23,476	112,870 (c)	133,213	18%	97,090	137%
Repairs & Maintenance	\$ 64,418	567,527	568,248	0%	866,160	66%
Tech./SCADA/Support	\$ 7,112	381,585 (d)	354,724	-7%	335,982	106%
Professional Services	\$ 32,163	118,981 (d)	110,349	-7%	349,790	32%
Goods & Services	\$ 211,852	904,035 (e)	1,046,018	16%	1,158,257	90%
Utility & Other Taxes	\$ 154,695	708,530	764,216	8%	748,324	102%
Construction in Progress	\$ (98,788)	(572,695) (f)	(500,041)	-13%	(715,004)	70%
Total Operating Expenses	\$ 1,669,356	\$ 7,963,351	\$ 8,068,989	1%	\$ 9,389,839	86%
Capital Expenses						
Labor	\$ 107,312	499,432	693,431	39%	800,994	87%
Other Expenses (Equip, Inv, G&S)	\$ 1,281,150	11,236,565	6,265,735	-44%	18,199,007	34%
Capital Expenses	\$ 1,388,462	\$ 11,735,997 (f)	\$ 6,959,166	-41%	\$ 19,000,000	37%
Debt (Principal & Interest)	\$ 387,722	1,918,500	2,326,330	21%	2,326,330	100%
Total Capital & Debt Service	\$ 1,776,184	\$ 13,654,497	\$ 9,285,496	-32%	\$ 21,326,330	44%
Total Expenses	\$ 3,040,786	\$ 21,617,848	\$ 17,354,484	-20%	\$ 30,716,169	56%
Revenue Fund		\$ 26,159,422	\$ 35,659,101	36%		
Construction Fund		2,946,329				
System Development Fees		8,877,025	4,778,958	-46%		
Bond & Debt Reserve		2,735,689	2,837,501	4%		
Ending Estimated Reserves		\$ 40,718,465	\$ 43,275,560	6%		

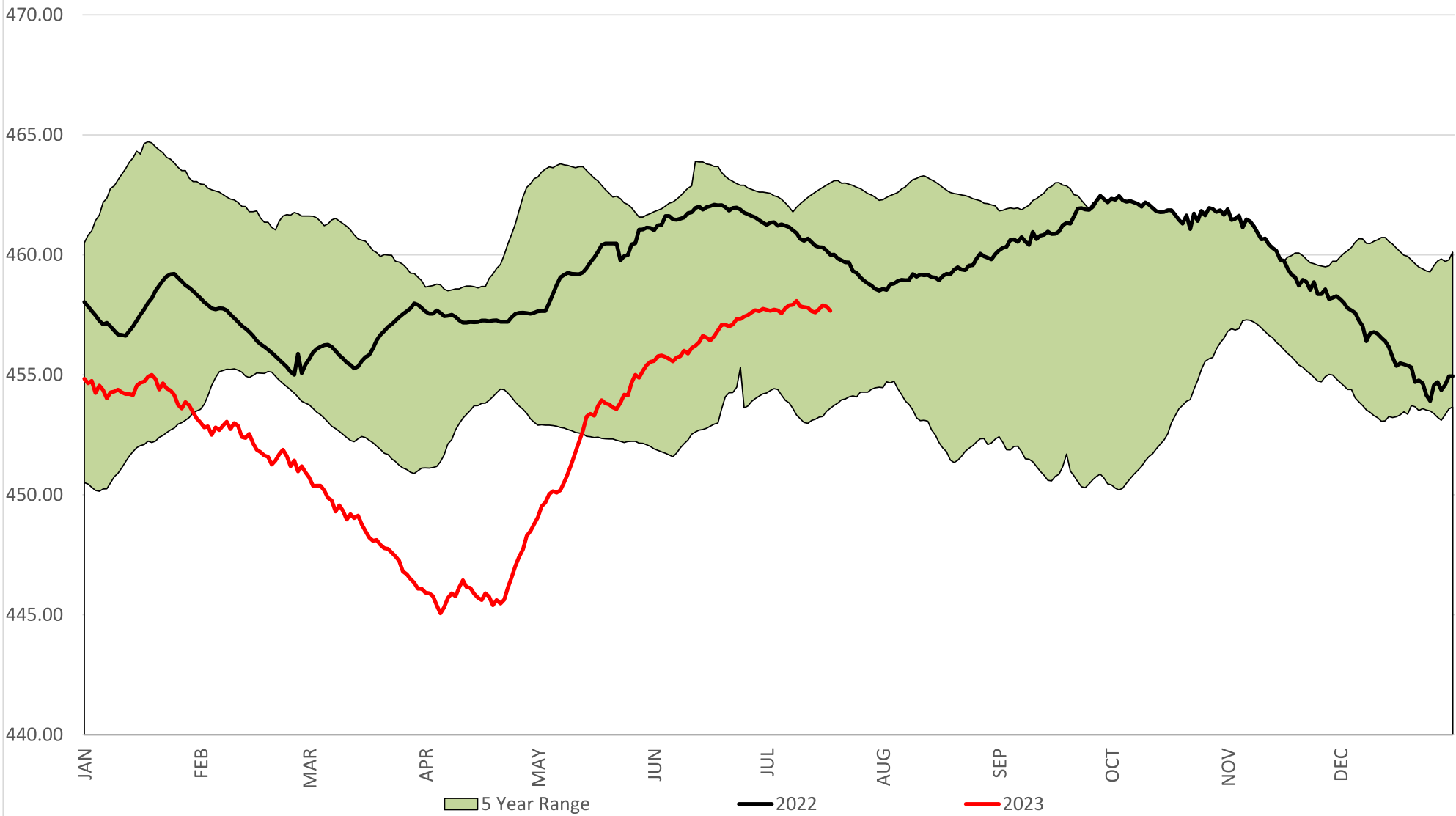
- (a) Interest on Investments
- (b) New service connections slowing
- (c) Delivery of backordered vehicles
- (d) Timing of Projects, repairs & Purchases
- (e) Insurance, utilities, & general inflationary increases
- (f) Decrease Capital Expenditures

2023 Judy Reservoir Inflows & Elevation

July 12 Elevation:	457.82 (ft)
July 19 Elevation:	457.67 (ft)
Change in Elevation:	-0.15 (- 1.8 Inches)
Spillway Elevation:	465.10
Stream Inflow YTD:	511.34 MG
Skagit River YTD:	1128.79 MG



5-YEAR JUDY RESERVOIR ELEVATIONS



PUD reaches deal to get water to some struggling farmers

BRANDON STONE @Brandon_SVH
Jul 20, 2023



MOUNT VERNON — The Skagit Public Utility District struck another deal with farmers in west Skagit County to supply them with water amid an unusually dry year.

But the district's commissioners delayed Tuesday a decision on the price of the water until their July 25 meeting, saying staff needed time to research a fair value for the water.

The agreement will let Drainage and Irrigation Improvement District No. 15 and Consolidated Diking Improvement District No. 22 buy unused water rights from the PUD.

This will allow farmers in those districts to draw from the Skagit River to irrigate their field pending a state drought declaration and approval from the state Department of Ecology.

The two districts have about 12,800 acres of farmland, said Jenna Friebe, who represented the dike districts with the PUD as executive director of the Skagit County Drainage and Irrigation Districts Consortium.

PUD General Manager George Sidhu said the PUD had let farmers use its water rights for free during three prior drought years, but he and his board were concerned that this could be seen as a gift of public funds, which is illegal.

Setting a price that the district can defend will avoid that, he said at Tuesday's board meeting.

But the district has never had a need to set a price for untreated, nonpotable water, he said. Doing so now is blazing new territory.

Tony Wisdom, founder and CEO of Skagit Valley Farms, was at Tuesday's meeting asking for a fair price.

"The weather has been so warm and so dry that our crops are showing serious signs of distress," he said. "Some of our crops have already failed."

Spinach that should be two feet high by now is barely out of the ground, and Wisdom's potato fields are parched, he said.

Wisdom said he agrees with a \$1,500 administrative fee to pay for PUD staff time, but asked for a water rate that was as low as possible. This is an unbudgeted expense for farmers in a year that is already shaping up to be difficult.

Sidhu and staff put together a proposal that would have charged \$25 per acre-foot of water.

But Friebel put forward an alternative methodology to setting the rate that would have set the price at about \$10.

This week, PUD staff will verify her proposal ahead of consideration by the board on July 25.

Friebel said only districts 15 and 22, which are west of Mount Vernon and Conway, have the infrastructure to draw water from the river.

Dry weather is impacting farmers countywide, but only the fields in these districts will see relief from this deal.

The state has a drought advisory in effect, but as of Wednesday Gov. Jay Inslee has yet to declare a drought emergency.

With droughts becoming more frequent, Sidhu said the PUD ought to have a permanent policy in place regarding emergency transfers of water rights. In this and previous droughts, he and his staff have only made temporary rules.

The three PUD commissioners agreed, saying they want to meet with farmers and other stakeholders this fall for further discussions on a fair price.

Brandon Stone can be reached at bstone@skagitpublishing.com, 360-416-2112, Twitter: @Brandon_SVH

Brandon Stone