

WEST SOUND UTILITY DISTRICT

Board of Commissioners
Regular Board Meeting

January 18, 2023
1:00 PM

Please direct your smart device or computer to www.wsud.us/meetings for information on virtual attendance.

AGENDA

PUBLIC COMMENTS

CONSENT AGENDA

1. Approval of the Regular Board Meeting Minutes of January 4, 2023
2. Approval of Vouchers WSUD #31109 through #31136 in the amount of \$67,904.10
3. Approval of Vouchers SKWRF #17297 through #17310 in the amount of \$57,333.49
4. Approval of January Payroll in the Amount of \$218,815.70

BOARD DISCUSSION/ACTION ITEM

1. Resolution 1053-23, Amending Administrative Polices, Travel
2. Resolution 1054-23, SKWRF Equipment Purchase, Multiple Parameter Monitoring System
3. Resolution 1055-23, Amending Administrative Policies, Payment Methods
4. Resolution 1056-23, Approving a Cost of Service Recovery for an Imposed Utility Tax for Customers Within the Boundaries of the City of Port Orchard

STAFF REPORTS

1. Plant Manager
2. Operations Manager
3. Finance Manager
4. General Manager

COMMISSIONERS' REPORTS

EXECUTIVE SESSION

Executive Sessions may be scheduled or announced for discussions per RCW 42.30.110.

FUTURE MEETINGS

February 1	Regular Board Meeting
February 15	Regular Board Meeting
March 1	Regular Board Meeting
March 15	Regular Board Meeting
March 22	Sewer Advisory Committee Meeting (Location to be determined)

Executive Sessions may be scheduled as needed for personnel, legal and other similar matters.

The Board may add and take action on other items not listed on the agenda

WEST SOUND UTILITY DISTRICT
Minutes of Meeting of the Board of Commissioners
2924 SE Lund Avenue, Port Orchard, WA 98366
Wednesday, January 4, 2023 at 1:00 p.m.

Chairperson: Jerry Lundberg
Vice Chairperson: Susan Way
Commissioner: James J. Hart

Attending: Randy Screws, General Manager
John Tapia, Operation Manager
Marty Grabill, Plant Manager
Amber Brooks, Accounting/Office Assistant

The meeting was called to order by Commissioner Way at 1:00 p.m.

PUBLIC COMMENTS

None

CONSENT AGENDA

1. Approval of the Regular Board Meeting Minutes of December 21, 2022
2. Approval of Vouchers WSUD #31098 through #31108 in the amount of \$3,821.96
3. Approval of Vouchers SKWRF #17284 through #17296 in the amount of \$10,194.24

Commissioner Hart moved to approve the items in the Consent Agenda. The motion was Seconded by Commissioner Lundberg; motion approved 3-0.

BOARD DISCUSSION/ACTION ITEM

Board of Commissioners, 2023 Appointment of Officers

Commissioner Way is now Chairperson, Commissioner Hart is Vice-Chairperson and Commissioner Lundberg is Secretary.

Resolution 1047-23, Amending Water and Sewer Policies, Ready to Serve

Passed 3-0

Resolution 1048-23, DEC, Tom and Laurie, LLC., The Ramsey

Passed 3-0

Resolution 1049-23, Step Increase WSUD Employee

Passed 3-0

Resolution 1050-23, Step Increase WSUD Employee

Passed 3-0

Resolution 1051-23, Step Increase WSUD Employee
Passed 3-0

Resolution 1052-23, General Manager's 2023 Salary Adjustment
Passed 3-0

STAFF REPORTS

PLANT MANAGER'S REPORT

Plant Manager Marty Grabill reported:

- Testing and monitoring as required by the NPDES Permit.
- Outfall inspection was completed on December 6, 2022. Currently awaiting report and video to submit.
- Submitted DMR's repeatedly through last year. Dealing with the local laboratory has been a complete mess with at least two of our samples missed for November and December due to holding times and workers failing to report to the lab. It's requiring much more commitment and time in reporting & resampling.
- Crazy last couple of weeks here for the plant, snow melt, rain, king tides, open man holes, sick workers and limited crew. The guys pulled it off and we made it work.... Mostly. Lots of overtime, call outs, power bumps. Another lift station spill at Marina lift station last week.

PSE Conservation Grant Agreement (2021-2023)

- Continuous work with PSE on Conservation Grant Agreement. Year 2 of 3 will be completed in February.

Rotary Drum Thickener-ESCO (2022)

- Final FKC thickener submittal has been approved and is finalized.
- General mechanical is still working on getting final pricing and piping submittals from Paramount. I haven't heard any more on that.
- Meeting upcoming with TSI to discuss programming logistics.

Nutrient General Permit (2022)

- Ongoing testing and documentation.
- Updates on grant funding. New Grant Project Manager hired for DOE. Awaiting some sort of contact.
- Currently collaborating with Jacobs Engineering through AWC on nutrient optimization planning. Jacobs Engineering won the AWC contract for technical assistance for nutrient optimization. We did have a four hour site visit on Monday, December 19th. It went great. Excited for the assist on this.

OPERATION MANAGER'S REPORT

Operations Manager John Tapia reported:

CIP - South Park Main Replacement

- Locate and survey completed for the site.
- WSE is working on the recommended easement.

Powell Booster Station Engineering

- Addendum for project received. This is for offsite pipe abandonment and upsizing, no update.

Sedgwick Water Main/Culvert Project

- We have been notified by WSDOT and Fisheries that the water main is in conflict with a new fish stream crossing culvert.
- Low bid came in at \$1,600,455.00 by Ceccanti.
- Restoring of a shoulder portion of the road is done and Kitsap County has passed off on the ROW permit.

Eisenhower Main Replacement

- Engineers estimate is \$390,000.00.
- Low bid came in at \$401,455.00 by Pape and Sons.
- Project is complete; L&I has closed it out.

Fircrest/Mile Hill Main Replacement

- 2” galvanized to be replaced.
- Possible development going in, no update.

Olney Sewer Replacement

- Engineering contract has been signed with WSE.
- Project design has started with locate being complete.
- Going through project options with WSE.

Well 21 Pump and Motor Replacement

- Mitchell Lewis agreed to warranty the pump, saving \$18K.
- Pump and motor installed and pumping at 640 gpm.
- Project is closing out with L&I.

Crew:

1. St. Vincent DePaul project: City contacted about the permit. Reached out to Caseco for time update. Not enough workers lately.
2. Commercial water meter replacements continue. 25 commercial meters remain.
3. Water main prep for upper gradient.
4. Vac-con demo today.
5. Fire line survey is complete.
6. Working on project closeouts and end of the year assignments.
7. Still looking for a new hire.

Water Production: Through December

- 2021- 651,249,000
- 2022- 615,472,000
- 1.3 million day avg.
- Difference- -35,777,000 less

Rain Gauge:

- 2021- 57.48
- 2022- 53.49

Difference – 3.99” LESS than last year

FINANCE MANAGER’S REPORT

Finance Manager Joy Ramsdell reported:

- Was out of the office.

GENERAL MANAGER’S REPORT

General Manager Randy Screws reported:

- Working on cyclical end of year items such as HCA, OSHA, BLS reporting, etc.
- Fire line/ fire suppression survey is complete. Fire line survey is to account for all connections and to develop fire line and fire suppression service rates. The Rate Consultants are wrapping up the draft report which will be reviewed. Once the final report is done, it will be provided to the Board along with recommendations.
- Street light survey is complete. Staff continue reviewing the information.
- Continue reviewing the District’s ADU Policies
- District and SKWRF audits by the Washington State Auditor’s Office have concluded. The District was found in compliance in all respects with adequate controls over safeguarding public resources. Audit costs were within budget.

A fifteen minute Executive Session is being requested for Discussion of Performance of public employees (RCW 42.30.110(1)(g)). Action to be taken after the Board is out of Executive Session.

COMMISSIONERS’ REPORTS

Commissioners Way, Hart, and Lundberg had nothing to report.

EXECUTIVE SESSION

The Board and GM Randy Screws entered a fifteen minute executive session at 1:30 p.m. The session was out at 1:45 p.m. Action was taken.

ADJOURN

Commissioner Hart moved to adjourn the meeting at 1:45 p.m. The motion was seconded by Commissioner Lundberg; motion approved 3-0.

Susan Way

Chairperson

James Jay Hart

Vice-Chairperson

Jerry Lundberg

Secretary

**WEST SOUND UTILITY DISTRICT
RESOLUTION 1053-23**

**A RESOLUTION OF THE WEST SOUND UTILITY DISTRICT
BOARD OF COMMISSIONERS
AMENDING ADMINISTRATIVE POLICIES REGARDING TRAVEL**

WHEREAS, the District Board of Commissioners adopts and provides clear and definitive policy direction; and

WHEREAS, the District adopted a Uniform Administrative Code Book by Resolution 550-15 on June 22, 2015 which includes a travel policy; and

WHEREAS, the District has reviewed its current Travel Policy within the Administrative Code Book and has determined it is necessary to amend the policy to include clarification on when lodging is provided; **NOW, THEREFORE**,

**THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT
HEREBY RESOLVES:**

Section 1. The Board of Commissioners hereby amends the District Administrative policies and procedures, Section 4.2.18 Travel to include a “50 Mile Rule” for travel as amended per the attached Exhibit “A”.

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a Board meeting scheduled on January 18, 2023.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington

Susan Way
Chairperson

James J. Hart
Vice Chairperson

Jerry Lundberg
Secretary

4.2.18 Travel

1. **Travel Away from the District** – All travel away from the District and the method of travel must be approved by the General Manager or Board of Commissioners. Employees may travel by common carrier, District vehicle, or personal vehicle. When a District vehicle is available, it should be used in lieu of a personal vehicle. Pooling of passenger cars should be used whenever possible.

Finance can make the travel arrangements for the employee. If the department manager approves, the employee can make his/her own travel arrangements. If the employee makes his/her own travel arrangements (with the department manager's approval), the travel expenses have to be consistent with what the District would normally have paid. The employee's travel arrangements cannot violate District policies, such as renting a car.

2. **Travel Expense Reimbursements** – District employees shall be reimbursed for reasonable and customary travel expenses actually incurred in connection with the business of the District, including, when appropriate, food, lodging and travel expenses while away from their place of business. Reimbursement will be authorized by individual vouchers. For those trips lasting no more than one day (no overnight stay), meal expenses will be reimbursed to the employee through his or her payroll as a taxable fringe benefit.

Requests for reimbursement shall be submitted within 30 days of the date the employee returns to work on a Travel/Expense voucher form signed by the employee and the General Manager or designee. Approved expenses incurred for lunch on a day trip will be reimbursed through the employee's payroll as they are subject to income tax; expenses incurred on overnight trips will be reimbursed through the voucher system. Approved expenses will be reimbursed through the normal voucher payable process.

Receipts or other acceptable evidence of payment are required for reimbursement of the following expenses; air fare; railway fare; bus fare (ticket stub); lodging (itemized statement); meals in excess of the per-diem rates as established by District resolution; professional association dues or licenses; all charges made directly to the District; and all other individual expenses of \$25.00 or more. Details of the meal and lodging shall be attached to any credit card receipts prior to reimbursement.

Rates for travel reimbursement, meals, lodging and other travel expenses are to be limited as follows:

- a. If private automobiles are used, mileage will be reimbursed at the current IRS rate where transportation is not directly provided by the District or at fare cost when travel was provided by bus, train, airplane, or automobile

rental. Under no circumstances shall the District be liable for any damage occurring to a private vehicle while used on District business; the owner of the vehicle assumes all risk associated with any said damage.

- b. Miscellaneous expenditures for any other purpose, not enumerated in this policy, when necessarily incurred by the traveler in connection with the transaction of official business will be reimbursed on a cost basis if allowed or approved by the General Manager.
 - c. Tips for meals, taxi or baggage handling, in amount not to exceed twenty percent (20%), shall be considered as reasonable and necessary costs for such service, and may be included in the cost of the meal or service received.
 - d. Personal telephone calls while traveling on District business will be reimbursed on the basis of “reasonable and customary” expenses. Where possible, such calls should be billed on a credit card or with a District cell phone.
 - e. Expense reimbursement shall not include expenses paid for others, except where the request for reimbursement is for the cost of meals with other District employees where the primary purpose was a discussion of District business during the meal while working extended hours through normal meal periods.
 - f. From time to time, employees traveling by air on District business may qualify for credits under airline frequent flier programs. If employees choose to participate in such programs, they may use such credits for personal travel. This shall not be deemed part of an employee’s compensation or considered whenever salary levels are reviewed. In all cases, employees must take the most direct route and the least costly air fare option when traveling on District business.
 - g. Air travel reimbursement is limited to the cost of the ticket, associated taxes for the flight ticket, and one standard size bag for personal belongings. Excluded from reimbursement are all other airline fees incurred during or associated with the flight.
 - h. The District will not reimburse travel expenses of anyone other than the authorized employee.
3. **Advance Travel/Per Diem** – In specific circumstances an established per diem rate will be given to the employee for meals and miscellaneous travel expenses. An advance travel fund request form must be completed and submitted to General Manager two weeks prior to the estimated leave date in order to receive the per diem three days before the departure date. The employee will verify the

accuracy of the per diem upon receipt of the funds. Rates will be set in accordance with IRS standards then in effect.

4. **Direct Billings** – Direct billing to the District is allowed for the following travel expenses: air fare; deposits for seminars or lodging; rental fees for the use of meeting rooms; business use of District credit cards; and associated costs of catered group meals. When the direct billing is used, the employee will list the District address and phone number instead of the personal address. Other travel expenses should be paid by the employee and submitted for reimbursement by the District on the employee's expense report form.
5. 50 Mile Rule – Reimbursement is allowed for lodging expenses when the temporary duty station is located more than fifty (50) miles (most direct route) when traveling by road of the closer of either the travelers official residence or official duty station.

Under one of the following conditions, reimbursement for lodging expenses is allowed when the temporary duty station is located within fifty (50) miles of the closer of either the traveler's official residence or official duty station.

1. An overnight stay in a commercial lodging facility to avoid having a traveler drive back and forth for back to back late night/early morning for District Business, a conference or training.
2. When the health and safety of travelers is of concern. The health and safety of travelers is a top priority in the conduct of travel related activities. It may be necessary to alter travel plans and itineraries in consideration of hazardous inclement weather and other situations that could threaten the health and safety of District employees. When this occurs, it is to be noted in the expense voucher documentation the reason for any additional expense due to health and safety concerns.
3. When the District can demonstrate that staying overnight is more economical to the District. Cost analysis documentation it is to be noted in the expense voucher documentation.

**WEST SOUND UTILITY DISTRICT
RESOLUTION 1054-23**

**A RESOLUTION OF THE WEST SOUND UTILITY DISTRICT
BOARD OF COMMISSIONERS
APPROVING EQUIPMENT PURCHASE OF MULTIPLE PARAMETER
SENSOR PROBES AND CONTROLLER**

WHEREAS, the SKWRF 2023 Capital Improvement Budget contains funding for SKWRF Capital Equipment; and

WHEREAS, the District solicited from three (3) vendors (Hach, Bainbridge & Associate and Whitney Equipment) for onsite testing, product demonstrations and quotes for multiple parameter sensors and controls to provide real time information for process control to assist in ensuring compliance of the facilities Nutrient General Permit; and

WHEREAS, the SKWRF has determined that Whitney Equipment is the manufacturer's representative of the selected multiple parameter monitoring system equipment; and

WHEREAS, the amount for this purchase is in excess of the \$20,000.00 purchasing authority of the General Manager; and requires the approval of the Board of Commissioners; **NOW, THEREFORE**,

**THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT
HEREBY RESOLVES:**

Section 1. The District's Board of Commissioners hereby approve the attached equipment supply from Whitney Equipment as identified in Exhibit "A" in the amount of \$21,583.00 plus WSST in the amount of \$1,985.64 for a total of \$23,568.64.

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a Board meeting scheduled on January 18, 2023.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington

Susan Way
Chairperson

James J. Hart
Vice Chairperson

Jerry Lundberg
Secretary



16120 Woodinville-Redmond Road NE, Suite 3
Woodinville, WA 98072 Phone: (425) 486-9499

2501 Columbia Way Suite 300
Vancouver, WA 98661 Phone: (360) 694-9175

1/4/2023

Quote #: 39048 - 1

To: West Sound Utility District
Attn: Marty Grabill
Email: mgrabill@wsud.us
Phone: (360) 876-2545

Project Name: West Sound YSI Varion Plus

The following is Whitney Equipment Company's proposal for equipment we can furnish for the above referenced project. A detailed list of the equipment and services included in this proposal is shown in the following Scope of Supply. Only items listed in the Scope of Supply are included in this proposal. This proposal is valid for 30 days from the date listed above. Please contact us to verify pricing and availability beyond 30 days as pricing and availability may vary. The conditions of sale associated with this proposal are attached.

Engineering calculations and design services are included only when specifically listed in the Scope of Supply. Field or startup services are not included unless specifically listed in the Scope of Supply. If additional field or onsite assistance is needed beyond what is included in the Scope of Supply, it can be supplied at a rate of \$165.00/hour at the job site, plus travel time and expense. Unless specifically listed in the following Scope of Supply, we do not include haulage, unloading including provision of lifting equipment, permits, bonds, insurance, installation, sales or use taxes or duties of any kind, power, chemicals, water, concrete, grout, anchor bolts, controls, wire, conduit, lights, fans, piping, valves, fittings, drains, meters, gauges, signs, safety equipment, labor, tools, field paint, lubricants, or any other items not listed as included.

Prices are firm for 30 days. Purchaser must also pay any costs incurred for additional field or onsite assistance no later than 30 days after receipt of an invoice for field or onsite services from Whitney Equipment Company.

The equipment will be coated with the manufacturers' standard preparation and coatings unless special coatings are listed in the Scope of Supply. Equipment will be prepared for shipment per the manufacturers' standard packing procedure. The purchaser is responsible for receiving all items including promptly inspecting for damage, noting damages, and filing for all missing or damaged items in a timely manner. Freight shall be standard ground or ocean freight unless otherwise listed. The purchaser is responsible for proper storage and handling of the equipment per the manufacturer's recommendations prior to installation to ensure warranty coverage. Warranty coverage shall be manufacturer's standard warranty unless specifically listed in the Scope of Supply.

This job is being handled by Brad Vande Vusse, phone . Please call if you need further information or prices.

SCOPE OF SUPPLY

Marty, below is a quote for two Varion probes and the 2020 controller. Included is all the necessary mounting hardware as well.

1 each	470 022Y IQ Sensornet 2020 controller System 2020 3G - 20 Channel Terminal/Controller with 3 Current Outputs, 3 Relay outputs, complete with power supply 100-240 VAC & USB interface. 5 available IQ SensorNet Connections
2 each	107 066YK Varion Plus probe VARiON Plus probe includes reference electrode, & electrodes for Ammonium, Nitrate & Potassium
1 each	109286Y Controller Rail mounting kit
1 each	109295Y Sun sheild Sun shield for 2020 controller
2 each	245 8000Y Probe rail mounting kit
2 each	480042Y SACIQ-7.0 Sensor Connection cable, IQ, 7 m, 22.9 ft
1 each	Start-up and training 1 day start-up and training with WECl tech

TOTAL \$21,583.00

Lead Times: 6-8 Weeks ARO

Freight Terms: FOB Factory, prepaid and added to invoice

Sales tax is not included unless specified.

Payment Terms: Net 30

Sincerely,

Brad Vande Vusse, Municipal Account Manager Washington

**WHITNEY EQUIPMENT CO., INC.
WOODINVILLE, WA
STANDARD CONDITIONS OF SALE**

These are Whitney Equipment Co., Inc., the Seller, Standard Terms and Conditions and the basis of our offer to the Buyer, unless specifically altered in writing as permitted herein. Any changes may affect the quoted price. These Standard Terms and Conditions and the bid quote, purchase order, or other order form to which they are attached (the "Bid Quote") form a contract between Buyer and Seller for the sale of products described in the Bid Quote (the "Contract").

ACCEPTANCE: Submission of this Contract to Buyer constitutes Seller's offer to the Buyer and on acceptance becomes a binding contract on the terms set forth herein. Buyer's acceptance is expressly limited to the terms of this Contract. Seller rejects all terms included in any response by the Buyer to this Contract that are in conflict with, inconsistent with, or in addition to the terms and conditions contained herein. But if a conflict arises between the terms of a purchase order first issued by Buyer and the terms of this Contract, the terms of this Contract shall take precedence.

ENTIRE AGREEMENT: The Contract comprises the entire agreement between the Buyer and the Seller, and supersedes all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral. This Contract prevails over any terms and conditions of purchase provided by Buyer, regardless of whether or when the Buyer has submitted its purchase order or such terms. In addition, implied terms and conditions from the Buyer's contracts with other entities are not valid or enforceable with respect to this Contract. Fulfillment of the Buyer's order does not constitute acceptance of any of Buyer's terms and conditions and does not serve to modify or amend this Contract.

GOVERNING LAWS: Seller will comply with all laws applicable to Seller during sale of the products. Buyer will comply with all laws applicable to Buyer during operation or use of the products. The laws of the State of Washington shall govern the validity, interpretation, and enforcement of any order of which these provisions are a part, without giving effect to any rules governing the conflict of laws. Assignment may be made only with written consent of both parties. Buyer shall be liable to the Seller for any attorney's fees and costs incurred by Seller in enforcing any of its rights hereunder. Unless otherwise specified, any reference to Buyer's order is for identification only.

JURISDICTION AND VENUE: Any legal suit, action or proceeding arising out of relating to this Contract shall be commenced in federal or state court located King County, Washington and Seller and Buyer (i) irrevocably submit to the exclusive jurisdiction and venue of any such court in any such suit, action or proceeding and (ii) irrevocably waive (to the extent permitted by applicable law) any objection which they now or hereafter may have to the laying of venue of any such action or proceeding brought in any of the foregoing courts in and of the State of Washington, and any objection on the ground that any such action or proceeding in any such court has been brought in an inconvenient forum.

ATTORNEYS FEES AND EXPERT COSTS: The prevailing party in any legal suit, action, or proceeding arising out of relating to the Contract shall be awarded its reasonable attorneys' fees and experts costs.

WARRANTY:

THE SELLER MAKES NO WARRANTIES ON ANY PRODUCTS OR SERVICES PROVIDED UNDER THIS CONTRACT, INCLUDING ANY (A) WARRANTY OF MERCHANTABILITY, (B) WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, OR (C) WARRANTY AGAINST INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY, WHETHER EXPRESS OR IMPLIED BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE. BUT THE BUYER SHALL RECEIVE WARRANTIES, IF ANY, PROVIDED BY THE MANUFACTURER OF THE PRODUCTS SOLD UNDER THIS CONTRACT. THE SELLER IS EXPRESSLY EXCLUDED FROM ANY WARRANTY AND ALL CHARGES, FOR LABOR, INSTALLATION, REMOVAL, REPAIR, REINSTALLATION, SHIPPING, UTILITIES, EQUIPMENT RENTAL, OTHER REQUIRED MATERIALS, OR ANY OTHER ITEMS. THE PARTIES AGREE THAT THE BUYER'S SOLE AND EXCLUSIVE REMEDIES SHALL BE AGAINST THE PRODUCT MANUFACTURER AS PROVIDED HEREIN. THE BUYER AGREES THAT NO OTHER REMEDY (INCLUDING, BUT NOT LIMITED TO, INCIDENTAL OR CONSEQUENTIAL DAMAGES FOR LOST PROFITS, LOST SALES, DOWN TIME, OPERATING OR MAINTENANCE COSTS, INJURY TO PERSONS OR PROPERTY, OR ANY OTHER SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL LOSS) SHALL BE AVAILABLE TO BUYER. BUYER SHALL FOLLOW ALL STORAGE, OPERATION, AND MAINTENANCE PROCEDURES SPECIFIED BY THE MANUFACTURER FOR WARRANTY COVERAGE, FAILURE TO FOLLOW THESE PROCEDURES INCLUDING DOCUMENTATION MAY RESULT IN LOSS OF WARRANTY COVERAGE.

TAXES: Seller does not include any Federal, State, City, County, or other sales, custom duties, or taxes such as sales, use, excise, retailer's, occupation or similar taxes and fees, in the Contract Price unless otherwise explicitly stated in writing. Any taxes not included in the Bid Quote will be added to the Contract Price. In lieu of paying such taxes to the Seller, the Buyer may furnish the Seller with a Tax Exemption Certificate or other legal and appropriate taxing authorities at any time.

PAYMENT TERMS: All quotations or proposals are in US Dollars unless explicitly stated otherwise in writing. Seller shall submit invoices for payment to Buyer for percentages of the Contract Price as described in Bid Quote. Buyer must pay all invoices submitted by Seller no later than 30 days after the date of the invoice. The shipment is delayed by the Buyer, date of readiness for shipment shall be deemed the date of shipment for payment purposes. The Seller may require advance payment or a certificate of deposit, or may otherwise modify credit terms, should the Buyer's credit standing not meet the Seller's requirements. A service charge of 2.5% per month on the unpaid balance will be charged on all overdue monies payable. Buyer shall not assign or transfer their contract or any interest in it, or monies payable under it, without the written consent of Seller and any assignment made without such consent shall be null and void. Buyer agrees to pay all collection costs and costs of suit, including reasonable attorney fees, in the event Seller institutes collection action for overdue account. Seller expressly reserves all available lien rights in connection with any transaction between the parties. Unless explicitly agreed upon in writing, retainage against the contract amount is not allowed. The Seller reserves the right to repossess all equipment that is not paid for in full per this Contract's payment terms.

CREDIT CARD PAYMENTS: All credit card payments will require an additional 2% surcharge in addition to the Contract Price listed in the Contract. All credit card payments over \$5000.00 require written pre-approval by the Seller prior to processing; approval is not guaranteed.

CREDIT: Buyer is required to provide all necessary credit information to Seller with each order, including bank reference, bonding company, or other necessary information with complete names, addresses, phone numbers, personal references, and account and bond numbers. The Seller will determine, in its sole discretion, what is acceptable and what credit rating is required for the Seller to allow a purchase on credit.

PRICE: The prices specified are in U.S. currency, payable free of all expense to the Seller for collection charges.

STARTUP PAYMENTS: If startup services are included in this Contract, the pre-agreed upon payment amount shall be due when startup is complete. If startup is delayed more than 90 days after equipment delivery, payment for startup shall be due 90 days after equipment delivery prior to the startup occurring. Delaying in paying this portion of the contract is subject to the PAYMENT TERMS above.

SHIPMENTS AND DELIVERY: Delivery and shipping times are Seller's best estimate and do not include product approval time or order processing time. Seller is not liable for any damages, fees, costs, expenses or penalties arising from (1) loss of or damage to product in transit or (2) delays in shipping or delivery of the product, including all delays caused by an accident; riots; insurrections; national emergency; labor disputes of every kind however caused; embargoes; non-delivery by suppliers; delays of carriers or postal authorities; or governmental restrictions, prohibitions, or requirements. Seller may, in its sole discretion, without liability or penalty, make partial shipments of products to Buyer. Each shipment will constitute

a separate sale, and Buyer shall pay for the units shipped whether such shipment is in whole or partial fulfillment of Buyer's order. Cost of handling and freight is only included when it is explicitly listed in this Contract.

NON-DELIVERY: The quantity of any installment of products as recorded by Seller on dispatch from Seller's place of business is conclusive evidence of the quantity received by Buyer on delivery unless Buyer can provide conclusive evidence proving the contrary. Any liability of Seller for non-delivery of the products shall be limited to replacing the products within a reasonable time or adjusting the invoice respecting such products to reflect the actual quantity delivered.

APPROVALS: Buyer is responsible for obtaining approval on products from project owners and engineers. The Seller represents only those products are as described in this Contract. The Seller does not warrant that the products described will be approved or otherwise satisfactory to project owners or engineers, or that products meet project specifications. Seller does not guarantee compliance with any codes or laws unless explicitly stated in this Contract. Performance of the overall system that incorporates the products is not guaranteed.

OCCUPATIONAL SAFETY AND HEALTH ACT of 1970 – Seller does not warrant or represent that any of Seller's products by themselves or in a system or with other equipment will conform to or comply with the provisions of the Occupational Safety and Health Act of 1970 and the standards and regulations issued thereunder, or any other federal, state, or local law or regulation of the same or similar nature.

LIMITATION OF LIABILITY - NEITHER SELLER, NOR ITS SUPPLIERS SHALL BE LIABLE, WHETHER IN CONTRACT, WARRANTY, FAILURE OF A REMEDY TO ACHIEVE ITS INTENDED OR ESSENTIAL PURPOSES, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, INDEMNITY OR ANY OTHER LEGAL THEORY, FOR LOSS OF USE, REVENUE OR PROFIT, OR FOR COSTS OF CAPITAL OR OF SUBSTITUTE USE OR PERFORMANCE, OR FOR INDIRECT, SPECIAL, LIQUIDATED, INCIDENTAL OR CONSEQUENTIAL DAMAGES, OR FOR ANY OTHER LOSS OR COST OF A SIMILAR TYPE, OR FOR CLAIMS BY BUYER FOR DAMAGES OF BUYER'S CUSTOMERS. SELLER'S AGGREGATE LIABILITY ARISING OUT OF OR RELATING TO THIS CONTRACT SHALL NOT EXCEED THE CONTRACT PRICE, PROVIDED HOWEVER, IF THE BID QUOTE INCLUDES FIELD OR STARTUP SERVICE, SELLER'S LIABILITY FOR SAID SERVICES SHALL BE LIMITED TO THE VALUE OF THE SERVICES. BUYER AND SELLER AGREE THAT THE EXCLUSIONS AND LIMITATIONS SET FORTH IN THIS ARTICLE ARE SEPARATE AND INDEPENDENT FROM ANY REMEDIES WHICH BUYER MAY HAVE HEREUNDER AND SHALL BE GIVEN FULL FORCE AND EFFECT REGARDLESS OF WHETHER ANY OR ALL SUCH REMEDIES SHALL BE DEEMED TO HAVE FAILED OF THEIR ESSENTIAL PURPOSE.

STORAGE – If for any reason Buyer fails to accept products that have been delivered by Seller, or if Seller is unable to deliver the products because Buyer has not provided appropriate instructions, documents, licenses, or authorizations, then Seller may place the products in storage at Buyer's cost and expense, which includes the cost of storage, shipping fees, insurance, and other incidental expenses. The Buyer carries risk of loss for products in storage.

TITLE - Title to the products and risk of loss or damage passes to Buyer upon delivery of the products at the Point of Delivery listed in the Bid Quote. As collateral security for the payment of the Contract Price for the products, Buyer hereby grants to Seller a lien on and security interest in and to all of the right, title and interest of Buyer in, to, and under the products, wherever located, and whether now existing or hereafter arising or acquired from time to time, and in all accessions thereto and replacements or modifications thereof, as well as all proceeds (including insurance proceeds) of the foregoing. The security interest granted under this provision constitutes a purchase money security interest under the Washington Uniform Commercial Code. Buyer agrees to perform all additional acts necessary to perfect and maintain said security interest.

INSURANCE: Buyer shall, at its own expense, purchase, maintain and carry adequate insurance for the products to protect against loss or damage from any external cause, including losses from fire, wind, water, or other causes. Insurance coverage must be maintained with insurance companies legally authorized to do business where said products are located in an amount at least equal to the value of said products until the products are accepted and paid for in full. Upon Seller's request, Buyer shall provide Seller with a certificate of insurance from Buyer's insurer evidencing the insurance coverage that is satisfactory to Seller. The certificate of insurance must name Seller as an additional insured. In no case does the Contract Price, even if inclusive of freight, cover the cost of insurance beyond the Point of Delivery specified in the Bid Quote]

CANCELLATION: The Buyer may cancel its order only upon written notice, and in turn will make payment to Seller of reasonable cancellation charges specified by Seller.

ORAL STATEMENTS: The Seller's personnel may have made oral statements about the products described in this Contract during the sales process. Such statements do not constitute warranties or guarantees and shall not be relied on by the Buyer. The entire contract is embodied in this writing. This writing constitutes the final expression of the parties' agreement, and it is a complete and exclusive statement of the terms of that agreement.

CHANGES: Seller reserve the right to make changes and to substitute other material as needed to make shipments and fulfill orders under this Contract.

ERRORS: Seller reserves the right to correct clerical or stenographic errors or omissions.

STATUTE OF LIMITATIONS - To the extent permitted by applicable law, any lawsuit for breach of contract, including breach of warranty, arising out of the transactions covered by this order, must be commenced by the Buyer not later than twelve (12) months from the delivery of Seller's Products or the last day Seller performed any services, whichever is earlier.

INSPECTION: Buyer shall inspect Seller's Products upon receipt, and if Buyer's inspection reveals any defects in the Products, Buyer shall notify the Seller within three (3) days after receipt of the Products of any claim Buyer might have concerning such defects in the Products discovered by Buyer. Buyer's failure to notify Seller within such a three (3) day period shall constitute a waiver by Buyer of all claims covering such defects in the Products. It is the Buyer's responsibility to inspect for shipping damage upon delivery and to initiate a damage claim with the freight carrier. Damage occurring in-transit by the freight carrier must be claimed by the Buyer and is not the Seller's responsibility.

NOT INCLUDED: Seller does not include any item not specifically listed as included. References to specifications and drawings in the Scope of Supply section of the Bid Quote does not indicate that all items in those documents are included in the Scope of Supply. Unless clearly included in this Contract, engineering and design services are not included in this Contract.

FREIGHT: Prices quoted are F.O.B. point of manufacture and do not include freight unless specifically listed as included. Title passed to the Buyer at the Point of Delivery listed in the Bid Quote and all freight claims are the responsibility of the Buyer.

BACKCHARGES will not be accepted unless approved by Seller, in writing, before any work is done.

DELAYS: Price and terms and conditions are subject to revision if manufacture is not released at time of order placement or drawings for approval are not returned within 30 days from receipt by customer, or manufacture is released and subsequently held or delayed by the customer for more than 30 days, or customer requests longer than quoted shipment. If Seller suffers delay in performance due to any cause beyond its control, including but not limited to act of God, war, pandemic, act or failure to act of government, act or omission of Buyer, fire, flood, strike or labor troubles, sabotage, or delay in obtaining from others suitable services, materials, components, equipment or transportation, the time of performance shall be extended a period of time equal to the period of the delay and its consequences. Seller will give Buyer notice in writing within a reasonable time after the Seller becomes aware of any such delay.

DECOMPOSITION AND WEAR: Decomposition by chemical action and wear caused by the presence of abrasive materials shall not constitute defects.

BUYER DATA - Timely performance is contingent upon the Buyer supplying to the Seller, when needed, all required technical information, including drawing and submittal approval, and all required commercial documentation. The Buyer shall also supply and complete all shipping delivery information, pre-delivery checklists, and pre-startup checklists in a timely manner or the overall schedule of the project may be impacted at no cost to the Seller regardless of any potential agreed upon damages.

BUYER SUPPLIED COMPONENTS - Buyer acknowledges that the products purchased by Buyer under this Contract may contain products supplied by the Buyer or supplied by a third party at the Buyer's direction ("Buyer Supplied Components"). Buyer Supplied Components are not covered by any warranty or guarantee in this Contract. For the avoidance of doubt, Seller makes no representations or warranties with respect to any Buyer Supplied Components. Seller disclaims any liability arising from Buyer Supplied Components delivered late, damaged, defective, or nonconforming. In no event shall Seller be liable for consequential, indirect, incidental, special, exemplary, punitive damages, or lost profits, arising out of or relating to late delivery of or defective Buyer Supplied Components. Subject to the terms and conditions of this Contract, Buyer shall indemnify, defend and hold harmless Seller and its representatives/officers, directors, employees, agents, affiliates, successors and permitted assigns ("Indemnified Party") against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including attorney and expert fees, fees and costs of enforcing any right to indemnification under this Contract, and the cost of pursuing any insurance providers, incurred by Indemnified Party in a final judgment relating to any third-party claims arising from defective Buyer Supplied Components.

**WEST SOUND UTILITY DISTRICT
RESOLUTION 1055-23**

**A RESOLUTION OF THE WEST SOUND UTILITY DISTRICT
BOARD OF COMMISSIONERS
AMENDING ADMINISTRATIVE POLICIES FOR PAYMENT METHODS**

WHEREAS, the District Board of Commissioners adopts and provides clear and definitive policy direction; and

WHEREAS, the District adopted a Uniform Administrative Code Book by Resolution 550-15 on June 22, 2015 which includes Section 3.9 Payment Methods; and

WHEREAS, the District has reviewed its current policy regarding Payment Methods within the Administrative Code Book and has determined it is necessary to amend the policy; **NOW, THEREFORE**,

**THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT
HEREBY RESOLVES:**

Section 1. The Board of Commissioners hereby amends the District Administrative policies and procedures, Section 3.9 Payment Methods as amended per the attached Exhibit “A”.

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a Board meeting scheduled on January 18, 2023.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington

Susan Way
Chairperson

James J. Hart
Vice Chairperson

Jerry Lundberg
Secretary

3.9 Payment Methods

The District ~~will accept credit and debit cards for payment of utility billing, water and/or sewer permits, and all other fees and charges imposed by the District. The District will accept VISA, Discover, American Express and MasterCard. Online payment is available via the District's website using a credit card, debit card or checking account.~~ provides for the following payment methods for Water/Sewer Utility Billings:

- a. ACH Payments/Auto Pay - Payments electronically withdrawn from a checking or savings account. No dollar limit.
- b. Pay on line – For utility billings less than \$1,000, make or schedule payments using our bill pay site with an accepted credit card.
- c. Pay by Mail – Make a payment with a personal check or money order.
- d. Pay in Person – Visiting the main office. Staff can accept cash, checks or money orders.
- e. Payment Drop Box – Drop Box is available 24/7 at the District offices. (Checks and money orders only)

The District provides for the following payment methods for other charges and fees:

- a. Pay by Mail – Make a payment with a personal check or money order.
- b. Pay in Person – Visiting the main office. Staff can accept cash, checks or money orders.
- c. Payment Drop Box – Drop Box is available 24/7 at the District offices. (Checks and money orders only)

**WEST SOUND UTILITY DISTRICT
RESOLUTION 1056-22**

**A RESOLUTION OF THE
WEST SOUND UTILITY DISTRICT
BOARD OF COMMISSIONERS
APPROVING A COST OF SERVICE RECOVERY PROCEDURE FOR
CUSTOMERS RECEIVING WATER/SEWER SERVICES WITHIN THE
BOUNDARIES OF THE CITY OF PORT ORCHARD FOR AN IMPOSED
UTILITY TAX ON WEST SOUND UTILITY DISTRICT WITHIN
UTILTIY BILLINGS AND SERVICE INVOICES**

WHEREAS, RCW 57.08 authorizes water and sewer districts to establish water and sewer rates; and

WHEREAS, on December 13, 2022, the City of Port Orchard (COPO) adopted Ordinance No. 051-22 (Exhibit “A”) amending as part of its Municipal Code 5.84 imposing a water and sewer Utility Tax on services effective January 1, 2023 on the District; and

WHEREAS, Any city or town in Washington may impose a utility business and occupation (B&O) tax, also known as a Utility Tax upon the income of public and private utilities providing services within the boundaries of that city; and

WHEREAS, COPO has extended this tax burden to include those gross revenues generated by some water and sewer services as defined within Exhibit “B” as provided by the District within the COPO Boundaries; and

WHEREAS, the District had determined that due to the imposition of a Utility Tax on the District, it was necessary to update the water and sewer rates and associated fees for those customers within the incorporated limits of COPO to include recovery of such cost-of-service; and

WHEREAS, by Resolution 1046-22 approved on December 21, 2022, the District established a separate rate structure for customers within the boundaries of the City of Port Orchard; and

WHEREAS, the cost-of-service for water and sewer utility services is determined by equitable cost recovery in proportion to the demands each customer class or entity places on the system based on functions of service and known or assumed cost causation; **NOW THEREFORE**,

THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT HEREBY RESOLVES:

Section 1. The Board of Commissioners hereby rescinds Resolution 1046-22 which established a separate rate schedule for District customers within the COPO boundaries to address cost recovery of an imposed utility tax on the District for water and sewer services provided.

Section 2. The cost recovery for the incurred additional cost of service due to the imposition of a COPO Utility Tax on the District shall be paid on a pro rata basis by those customers served within the boundaries of COPO where applicable. The charge will be applied and identified on utility service billings and service invoices for WSUD customers within the COPO as the “In City Charge”.

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a Board meeting scheduled on January 18, 2023.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington

Susan Way
Chairperson

James J. Hart
Vice Chairperson

Jerry Lundberg
Secretary

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY OF PORT ORCHARD, WASHINGTON, REGARDING UTILITY TAXES, AMENDING CHAPTER 5.84 OF THE PORT ORCHARD MUNICIPAL CODE TO RENAME THE CHAPTER "WATER, SEWER, STORM BUSINESS AND OCCUPATION TAX", AND ADOPTING NEW SECTIONS 5.84.005, 5.84.008, 5.84.015, 5.84.020, 5.84.030, 5.84.040, 5.84.050, 5.84.060, 5.84.070, 5.84.080, 5.84.090, 5.84.100, 5.84.110, 5.84.120, 5.84.130, 5.84.140, 5.84.150 TO THE PORT ORCHARD MUNICIPAL CODE TO CREATE PROCEDURES FOR ADMINISTERING THE CHAPTER, AMENDING SECTION 5.84.010 OF THE PORT ORCARD MUNICIPAL CODE EXPAND THE IMPOSITION OF BUSINESS AND OCCUPATION TAXES FOR WATER AND SEWER UTILITIES TO ALL SUCH UTILITIES THAT OPERATE WITHIN THE CITY OF PORT ORCHARD, REDEFINING THE BUSINESSES SUBJECT TO THE FIVE PERCENT TAX TO INCLUDE ALL WATER AND SEWER BUSINESS PROVIDING SERVICE IN PORT ORCHARD; PROVIDING FOR REFERENDUM FOR CERTAIN PORTIONS OF THIS ORDINANCE; PROVIDING FOR IMPLEMENTATION, SEVERABILITY AND CORRECTIONS; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, in accordance with RCW 35A.82.020 the City of Port Orchard has the authority to levy utility taxes; and

WHEREAS, under Washington law the City may levy utility tax upon Cable TV, electricity, gas, sewer, stormwater, solid waste, steam, telephone services, and water; and

WHEREAS, the City's utility tax on water and sewer was first enacted in 1970 and has not been expanded or increased since that time; and

WHEREAS, POMC 5.84.010 imposes an excise tax on the gross incomes of municipal water and sewer utilities; and

WHEREAS, POMC 5.84.010 has not historically imposed an excise tax on the gross incomes from water services or sewer services provided by other than the municipal utilities operated by Port Orchard which had led to only a portion of the City's residents being subject to this tax; and

WHEREAS, in addition to the City of Port Orchard providing water and sewer services to properties in Port Orchard, Bremerton and West Sound Utility District also serve some customers inside the jurisdictional boundaries of Port Orchard; and

WHEREAS, in order to create equity across the City, all customers who receive water and sewer services inside the Port Orchard jurisdictional boundaries should be subject to the same city taxes; and

WHEREAS, the Washington Supreme Court held in *Lakehaven Water & Sewer Dist. v. City of Fed. Way*, 195 Wn.2d 742, 466 P.3d 213 (2020), that RCW 35A.82.020 gives cities the authority to impose excise taxes on utility districts, and the governmental immunity doctrine does not shield utility districts from excise taxes because the utilities perform a proprietary function by providing utility services to ratepayers; and

WHEREAS, more than 150 cities and towns in Washington impose an excise tax on the gross incomes from water services and/or sewer services provided by public and private utilities; and

WHEREAS, the City Council intends that the business activities of all public and private water services and sewer services in Port Orchard to be subject to an excise tax according to POMC 5.84.010; and

WHEREAS, the City Council finds it necessary to expand the types of excise taxes levied by Port Orchard to create equity across the city and to pay for municipal services and expenses which are enjoyed by all residents in the city; and

WHEREAS, the City Council must balance Port Orchard's need for new revenue sources to pay for basic municipal services with the burden of an excise tax on public and private water and sewer utilities; and

WHEREAS, the City Council has determined that it is in the public's best interest that Port Orchard impose an excise tax on public and private utilities engaged in or carrying on the business of providing water and sewer services in Port Orchard; now, therefore,

THE CITY COUNCIL OF THE CITY OF PORT ORCHARD, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Findings. The findings and recitals set forth above are hereby adopted and incorporated herein by this reference.

Section 2. Chapter 5.84 of the Port Orchard Municipal Code is hereby retitled "Water, Sewer, Storm Business and Occupation Tax".

Section 3. A new section 5.84.005 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.005 Power to license for revenue.

The provisions of this chapter shall be deemed to be an exercise of the power of the City to license for revenue.

Section 4. A new section 5.84.008 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.008 Definitions.

In construing the provisions of this chapter, except when otherwise plainly declared or clearly apparent from the context, the following definitions shall apply:

(1) "Gross income" is the value preceding or accruing from the sale of tangible property or service, and receipts (including all sums earned or charged, whether received or not) by reason of the investment of capital in the business engaged in, including rentals, royalties, fees or other emoluments, however designated (excluding receipts or proceeds from the use or sale of real property or any interest therein, and proceeds from the sale of notes, bonds, mortgages, or other evidences of indebtedness, or stock and the like) and without any deduction on account of the cost of the property sold, the cost of materials used, labor costs, interest or discount paid, or any expense whatsoever, and without any deduction on account of losses, but allowing a deduction for the amount of credit losses sustained by the taxpayer during the period covered.

(2) "Taxpayer" is any person liable to the license fee or tax imposed by this chapter.

(3) "Tax period or taxable period" are the quarters ending on March 31st, June 30th, September 30th, and December 31st.

(4) "Person" or "persons" mean persons of either sex, firms, co-partnerships, corporations and other associations of natural persons, whether acting by themselves or by servants, agents or employees.

(5) "Sewerage system business" means and includes:

(a) Sanitary sewage disposal sewers and facilities, including without limitation on-site or off-site sanitary sewer facilities consisting of an approved septic tank or septic tank systems, or any other means of sewage treatment and disposal;

(b) Combined sanitary sewage disposal and storm or surface water drains and facilities;

(c) Storm or surface water drains, channels and facilities;

(d) Outfalls for storm drainage or sanitary sewage and works, plants, and facilities for storm drainage or sanitary sewage treatment and disposal;

(e) Any combination of or part of any or all of such facilities.

(6) "Water distribution business" means and includes every person engaged in the business of distributing, furnishing, or selling water services for commercial or domestic use or purpose.

Section 5. Section 5.84.010 of the Port Orchard Municipal Code is hereby amended to read as follows:

POMC 5.84.010 Rate – Payment – Purpose.

There is levied upon, and there shall be collected from, every person, firm or corporation engaged in or carrying on the business of furnishing, for a monetary consideration, water distribution or sewerage system services, within or partly within the corporate limits of the City, an annual tax for the privilege of so doing, equal to five percent (5%) of the total gross revenue from such business in Port Orchard during the period for which the tax is due.

~~A business and occupation tax at the rate of five percent per year is imposed against the gross revenues received for charges for current services for customers of the water and sewer utilities, which amounts shall be paid monthly from the water and utility funds to the current expense fund. This tax is imposed to cover the costs of administering the water and sewer utilities which are not directly chargeable thereto.~~

Section 6. A new section 5.84.015 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.015 Use and accountability of tax proceeds.

All Revenues collected under this chapter shall be deposited into the general fund and shall be used to fund municipal programs, services, or capital projects as the council shall direct through its annual budget process.

Section 7. A new section 5.84.020 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.020 Occupation license required.

(1) No person shall engage in or carry on any business, occupation, pursuit or privilege for which a license fee or tax is imposed by this chapter without having first obtained, and being the holder of, a valid and subsisting license known as an occupation license.

(2) Any taxpayer who engages in or carries on any business subject to the tax imposed by this chapter without having a valid occupation license is guilty of a violation of this chapter for each day during which the business is engaged in or carried on, and any taxpayer who fails or refuses to pay the license fee or tax on any part thereof on or before the due date shall be deemed to be operating without a license.

Section 8. A new section 5.84.030 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.030 License period.

All occupation licenses shall be for the calendar year for which issued and shall expire at the end of that year.

Section 9. A new section 5.84.040 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.040 Payment of tax.

Effective January 1, 2023, the tax due under this chapter shall be paid quarterly during the year, to be based upon gross income received during each quarter ending March 31st, June 30th, September 30th and December 31st. The tax shall be an amount equal to the percent of the gross income from the business of the taxpayer in the city during the previous quarter as set forth in POMC 5.84.010, and shall be due within 45 days after the end of the quarter.

Section 10. A new section 5.84.050 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.050 Exceptions and deductions.

(1) In computing the annual tax there shall be deducted from the gross operating revenues the following items:

(a) The amount of credit losses and uncollectibles actually sustained by the taxpayer whose regular books are kept on an accrual basis, provided, that to be eligible for said deduction the taxpayer must provide proof of such credit losses and uncollectibles;

(b) Amounts derived from transactions in interstate or foreign commerce or from any business which the City is prohibited from taxing under the Constitution of the United States or the Constitution of the State of Washington.

(c) Charges by a taxpayer engaging in any water or sewer occupation activity subject to this chapter for sales of water or sewer services to any purchaser engaged in the same utility occupation activity that the purchaser buys for the purpose of resale.

(2) Any person subject to the payment of a license fee or tax under the provisions of any ordinance of the City, other than this chapter, on account of engaging in any activity for which such person is liable to tax under this chapter may deduct the amount of such fee or tax imposed by this chapter on account of

such activity, but such person shall nevertheless, in the manner herein provided for, apply for and procure an occupation license.

(3) Nothing in this chapter shall be construed as requiring a license, or the payment of a license fee or tax, or the doing of any act which would constitute an unlawful burden or interference in violation of the Constitution or laws of the United States or which would not be consistent with the Constitution or laws of the State of Washington.

Section 11. A new section 5.84.060 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.060 Application or return for license.

(1) On or before the first day of each year, every taxpayer shall apply to the city finance director for an occupation license upon blanks or forms of returns to be prepared and provided by him, requesting such information as may be necessary to enable him to arrive at the lawful amount of the fee or tax. The taxpayer shall write in a legible manner in such blank or form of return the information required and shall sign the same, and by affidavit at the foot thereof shall swear or affirm that the information given is full and true and that he or she knows the same to be so.

(2) Every such application or return shall be filed not later than 45 days after the last day of each year.

(3) If the applicant is a partnership, the application or return must be made by one of the partners; if a corporation, by one of the officers thereof; if a foreign corporation, co-partnership or nonresident individual by the resident agent or local manager of said corporation, co-partnership or individual.

Section 12. A new section 5.84.070 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.070 Sale or transfer of business.

Upon the sale or transfer during any tax year of a business on account of which a fee or tax is hereby required, the purchaser or transferee shall, if the fee or tax has not been paid in full for the year, be responsible for its payment for that portion of the year during which such purchaser or transferee carried on such business.

Section 13. A new section 5.84.080 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.080 Income records – Returns.

(1) It shall be the duty of each taxpayer taxed upon the taxpayer's gross income to keep and enter in a proper book or set of books or records an account accurately reflecting the amount of the taxpayer's gross income, which account shall always be open to the inspection of the city finance director or duly authorized agent, and from which the officer or agent may verify the return made by the taxpayer.

(2) To the extent permitted by Chapter 42.56 RCW and other applicable statutes, the applications, statements or returns made to the finance director according to this chapter shall not be made public, nor shall they be subject to the inspection of any person except the mayor, the city attorney, the finance director, and anyone working on the finance director's behalf.

Section 14. A new section 5.84.090 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.090 Investigation of returns.

If any taxpayer fails to apply for license or make the return, or if the city finance director is dissatisfied with the correctness of the statements made in the application or return of any taxpayer, the finance director or authorized agent may enter the premises of such taxpayer at any reasonable time for the purpose of inspecting the taxpayer's books or records of account in order to ascertain the amount of the fee or tax or to determine the correctness of such statements, as the case may be. The finance director or authorized agent may examine any person under oath, addressing the matters inquired into, or may fix a time for an investigation of the correctness of the return and may issue a subpoena to the taxpayer or any other person, to attend upon such investigation and there testify under oath administered by the finance director or agent, in regard to the matters inquired into and may, by subpoena, require the taxpayer or any person to bring such books, records and papers as may be necessary.

Section 15. A new section 5.84.100 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.100 Over or Under payment of tax.

(1) Overpayment. If the city finance director upon investigation or upon checking returns finds that the fee or tax paid on any of them is more than the amount required of the taxpayer, the finance director shall refund the amount overpaid upon the written request of the taxpayer. Any refund request not submitted within three years of an alleged overpayment shall be forever barred.

(2) Underpayment. If the city finance director finds that the fee or tax paid is less than required, the finance director shall send a statement to the taxpayer showing the balance due, together with a penalty of 10 percent of the amount

due, and the taxpayer shall, within 30 days, pay the amount shown thereon. If payment is not received by the finance director by the due date specified in the notice, the finance director shall add a penalty of an additional 25 percent of the amount of the additional tax found due. If the balance due, including all penalties, is not paid in full within 30 calendar days from the date specified, the penalty shall be increased by 15 percent of the amount due and the total amount due shall accrue interest at the rate of 12 percent per annum. If the finance director finds that all, or any part of, the deficiency resulted from an intent to evade the tax payable hereunder, a penalty of 50 percent of the additional tax found to be due shall be added and the amounts due, including penalties, shall accrue interest at the rate of 12 percent per annum from the date the tax became due and the date payment is actually made.

Section 16. A new section 5.84.110 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.110 Failure to pay tax; liability and penalties

(1) If any taxpayer fails to apply for license, or to make the return or to pay the fee or tax or any part thereof within 30 days after the tax is due, the city finance director shall ascertain the amount of the fee or tax or installment due and shall notify the taxpayer who shall be liable therefor in any suit or action by the city for the collection of the tax. The city finance director shall also notify the city attorney in writing of the name of the delinquent taxpayer and the amount due from such taxpayer and the city attorney shall, with the assistance of the city finance director, collect the same by any appropriate means or by suit or action in the name of the city.

(2) If a person subject to this tax fails to pay any tax required by this chapter within 15 calendar days after the due date thereof a penalty of 10 percent of the amount of such tax shall be added to the tax, and any tax due under this chapter that is unpaid and all penalties thereon shall constitute a debt to the city and may be collected by a collection agency or court proceedings, which remedy shall be in addition to all other remedies. If the City of Port Orchard prevails on any claim that a taxpayer is in noncompliance with the terms of this chapter, Port Orchard shall be entitled to an award of its attorneys' fees, court costs and fees, and other professional expenses associated with prosecuting the action.

Section 17. A new section 5.84.120 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.120 Appeals to city council.

(1) Any taxpayer aggrieved by the amount of the fee or tax found by the city finance director to be required under the provisions of this chapter, may appeal to the city council from such finding by filing a written notice of appeal

with the city clerk within 30 days from the time the taxpayer was given notice of the amount. If the determination being appealed is the amount of the tax or fee due, the amount determined by the finance director must be paid to Port Orchard under protest before filing an appeal. The clerk shall, as soon as practicable, fix a time and place for the hearing of the appeal, which time shall be not more than 30 days after the filing of the notice of appeal, and shall cause a notice of the time and place thereof to be delivered or mailed to the appellant. At such hearing the taxpayer shall be entitled to be heard and to introduce evidence in his or her own behalf. The city council shall thereupon ascertain the correct amount of the fee or tax by resolution and the city clerk shall immediately notify the appellant. The amount of the tax, together with costs of the appeal if appellant is unsuccessful therein, must be paid within 30 days after such notice is given.

(2) The mayor may, by subpoena, require the attendance of any person at the hearing of the appeal and may also require the production of any pertinent books and records. Any person served with such subpoena shall appear at the time and place stated therein and produce the books and records required, if any, and shall testify truthfully under oath administered by the mayor as to any matter required of such person pertinent to the appeal, and it shall be unlawful for such person to fail or refuse to do so.

Section 18. A new section 5.84.130 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.130 Finance director to make rules.

The city finance director shall have the power and the duty, from time to time, to adopt, publish and enforce rules and regulations not inconsistent with this chapter or with law for the purpose of carrying out the provisions thereof. It shall be unlawful to violate or fail to comply with any such rule or regulation.

Section 19. A new section 5.84.140 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.140 Licenses posted – Nontransferable.

(1) All licenses issued pursuant to the provisions of this chapter shall be kept posted by the licensee in a conspicuous place in the licensee's principal place of business.

(2) No persons to whom a license has been issued pursuant to this chapter shall allow any other person chargeable with a separate license to operate under or display his or her license, nor shall such other person operate under or display such license.

Section 20. A new section 5.84.150 is hereby added to the Port Orchard Municipal Code to read as follows:

5.84.150 False returns, etc.

It shall be unlawful for any person liable for taxes hereunder to fail or refuse to make application or return for a license or to pay the fee or tax or installment when due, or for any person to make any false or fraudulent application or return or any false statement of representation in, or in connection with, any such application or return. It shall be unlawful for any person to aid or abet another in any attempt to evade payment of the fee or tax, or any part thereof, or for any person to fail to appear and/or testify in response to subpoena issued pursuant hereto, or to testify falsely upon any investigation of the correctness of a return, or upon the hearing of any appeal, or in any manner to hinder or delay the city or any of its officers in carrying out the provisions of this chapter.

Section 21. Portion of Ordinance Subject to Referendum. The provision of this Ordinance which imposes taxes, namely Section 5, is subject to the referendum procedure as follows:

1. A referendum petition seeking to repeal this ordinance shall be filed with the City Clerk who shall be designated the person to receive petitions of all types within seven (7) days of the passage by the City Council of this ordinance or publication thereof whichever is later.
2. Within ten days the City Clerk shall confer with the petitioner concerning the form and style of the petition issue an identification number for the petition and cause to be written a ballot title for the measure.
3. The ballot title shall be posed as a question so that an affirmative answer to the question and an affirmative vote on the measure results in the tax or tax rate increase being imposed and a negative answer to the question and a negative vote on the measure results in the tax or tax rate increase not being imposed. The petitioner shall be notified of the identification number and ballot title within this ten (10) day period.
4. After notification of the identification number and ballot title the petitioner shall have 30 days in which to secure on petition forms the signatures of not less than 15 percent of the registered voters of the City and to file the signed petitions with the City Clerk.
5. Each petition form shall contain the ballot title and the full text of the measure to be referred. The City Clerk shall verify the sufficiency of the signatures on the petitions. If sufficient valid signatures are properly submitted the City Clerk shall cause the referendum measure to be submitted to the City voters at the next election within the City or at a special election as provided pursuant to RCW 35.17.260(2).

Section 22. Implementation and Authority. The Mayor, Finance Director, City Clerk, and City Attorney are directed and authorized to take such actions as necessary to implement this Ordinance consistent with state and local laws. The Finance Director is authorized to adopt administrative policies/rules to implement this Ordinance. In addition, during the first year of implementation of this Ordinance, the Finance Director has the authority to provide, at a taxpayer's request, up to a one-quarter year delay in applicability of the taxes contained herein if that taxpayer was not previously included as a taxpayer under Chapter 5.84 POMC as it existed prior to this Ordinance's adoption.

Section 23. Severability. If any section, sentence, clause, or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity of constitutionality of any other section, sentence, clause, or phrase of this ordinance.

Section 24. Corrections. Upon the approval of the city attorney, the city clerk is authorized to make any necessary technical corrections to this ordinance, including but not limited to the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers, and any reference thereto.

Section 25. Effective Date. This ordinance shall be in full force and effect five (5) days after publication as provided by law. However, Section 5 of this ordinance shall not be in full force and effect until 12:01 AM on January 1, 2023. A summary of this ordinance in the form of the ordinance title may be published in lieu of publishing the ordinance in its entirety.

PASSED by the City Council of the City of Port Orchard, APPROVED by the Mayor and attested by the City Clerk in authentication of such passage this 13th day December 2022.

Robert Putaansuu, Mayor

ATTEST:

Brandy Wallace, MMC, City Clerk

APPROVED AS TO FORM:

SPONSOR:

Charlotte A. Archer, City Attorney

John Clauson, Council Member

PUBLISHED:

EFFECTIVE DATE:

Randy Screws

From: Noah Crocker <ncrocker@portorchardwa.gov>
Sent: Wednesday, November 2, 2022 4:40 PM
To: Randy Screws
Cc: Rebecca Zick; Jennifer S. Robertson
Subject: WSUD City of port Orchard Utility Tax
Attachments: 20220927095624.pdf; 1659726v3_DRAFT Ordinance Updating Water and Sewer Utility Tax 11-2-2022.DOCX

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Randy,

We discussed with our attorney, and we agree with the table, comments, and assessment you included. Attached is the draft Ordinance going to council in December.

Let me know if you have any concerns or questions,

Thank you,
Noah

Noah Crocker

Finance Director

City of Port Orchard

360-876-7023

ncrocker@portorchardwa.gov

www.portorchardwa.gov

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From: Noah Crocker
Sent: Tuesday, September 27, 2022 9:59 AM
To: Jennifer S. Robertson <jrobertson@insleebest.com>; Rebecca Zick <rzick@portorchardwa.gov>
Cc: Charlotte A. Archer <CArcher@insleebest.com>
Subject: RE: attorney client privileged communication

Jennifer,

We had a meeting with WSUD regarding the attached letter.

They shared they are going through a process to identify revenues to be included in the rate and thus subject to the B&O tax.

Currently their rate is made up based on a myriad of cost factors. Some of which they do not believe should be subject to the B&O tax.

We can discuss at your convenience, but I wanted to give you a chance to read this over and review their proposed items. They are still working towards a January 1st date.

Thanks,
Noah

Noah Crocker

Finance Director

City of Port Orchard

360-876-7023

ncrocker@portorchardwa.gov

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From: Jennifer S. Robertson <jrobertson@insleebest.com>

Sent: Tuesday, August 9, 2022 11:58 AM

To: Nick Bond <nbond@cityofportorchard.us>; Noah Crocker <ncrocker@portorchardwa.gov>; Rebecca Zick <rzick@portorchardwa.gov>

Cc: Charlotte A. Archer <CArcher@insleebest.com>

Subject: attorney client privileged communication

RE: Water and Sewer Tax Expansion and Increase

Dear Team,

Attached to this email is the draft water/sewer tax ordinance. Since you had no administrative provisions in this chapter, I've created those. This are very similar to the administrative provisions you have in Ch. 5.04 POMC but I've made some changes for clarity or updating. So please read them carefully to verify that these are consistent with you current procedures and can be implemented seamlessly. In addition, per your direction, I've created a new section that would direct all of the increase into the street fund.

Finally, I would recommend that the Council introduce and pass this in early December. That will make it less likely that anyone will bring a referendum on the increase as people are busy with the holidays.

Let me know when you're ready to discuss and we can schedule a meeting.

Note, I will be on vacation from 8/11-8/18. Thanks!

Sincerely,
Jennifer

INSLEE **Jennifer S. Robertson** | Attorney
Skyline Tower, Suite 1500 | 10900 NE 4th Street | Bellevue, WA 98004
BEST : 425.450.4204 | F: 425.635.7720
[vCard](#) | [website](#) | jrobertson@insleebest.com

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RECEIVED

AUG 26 2022

CITY OF PORT ORCHARD
CITY CLERKS OFFICE

August 22, 2022

Honorable Rob Putaansuu, Mayor
216 Prospect Street
Port Orchard, WA 98366

RE: 180 Days' Notice for Imposition of Utility Taxes on West Sound Customers in Port Orchard

Dear Mayor Putaansuu,

This letter is to acknowledge receipt of your letter notifying West Sound Utility District (District) of the imposition of a Utility Tax based on City of Port Orchard Municipal Code Section 5.84.010 as it now exists or may be amended

Contained within your letter, you had acknowledged the administrative implications on the District and extended an opportunity to discuss implementation timeline. The District appreciates the City's understanding and reserves the ability to discuss this once we have had a clear understanding of the timeline needed as we continue to navigate through modification of our accounting and billing systems. We have been in the process of a financial software upgrade process, which began in June and completed in the early part of August.

To ensure proper application of the imposed Utility Tax to the services within the incorporated limits of the City. The District will need to have an understanding of services subject to the Utility Tax in order to identify the time needed for segregation of currently bundled charges/fees and help define a time line for implementation of the Utility Tax into our Utility Financial and Billing systems.

Attached, I have identified the charges/fees that customers of the District typically incur relating to District business activities and the providing of services for water and or sewer. You will note that the attachment provides for what the District has identified as Revenue Sources and interpretation of applicability as to what is subject to the Utility Tax.

I would recommend with consideration of the historical working relationship between the City and District, that discussions regarding applicability could be accomplished by informal meetings/discussions unless otherwise warranted as this process has served both the City and the District well in the past.

I look forward to your review of the attached and providing notification of agreement or counter position for discussion.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Screws", written over a light blue circular stamp.

Randy Screws
General Manager

Cc: Board of Commissioners
Joy Ramsdell, Finance Manager
Attachment: Water/Sewer Revenue Sources



Item	Revenue Sources	General Description	Subject to COPO Utility Tax	WSUD's Interpretation of Applicability
1	Water & Sewer Charges	Charges for water and sewer services provided to all customer classes.	Yes	This is taxable revenue from charges billed to customers for District provided water and/or sewer collection and conveyance services.
2	Streetlights	Charges for Streetlights.	No	The provision of streetlights is a non-taxable governmental function and not part of the business of providing water or sewer services to customers.
3	Penalties	Penalties, including fees and assessments, on water/sewer accounts for late payment.	Yes	This is taxable revenue from charges billed to customers related to the Districts' business of providing water/sewer services.
4	Lien Charges and Interest	Charges passed on to customers when liens filed/released or on their property as part of attempt to collect delinquent bills.	Yes	This is taxable revenue from charges billed to customers related to the Districts' business of providing water/sewer services.
5	Attorney's Fees and Costs	Attorney's fees and costs, including court costs, charged to customers to recover cost of collection of overdue bills.	No	Attorney's fees and costs paid by customers are an offset of costs incurred by the District and are not revenue from providing water/sewer services.
6	Shutoff or Suspension of Services Charges	Additional charge to customer when water is shutoff for non-payment or services are suspended by customer.	Yes	This is taxable revenue from charges billed to customers related to the Districts' business of providing water/sewer services.

7	Turn On Reinstatement of Services Charges	Additional charge to customer when water service is restored after shutoff for non-payment or reinstated.	Yes	This is taxable revenue from charges billed to customers related to the Districts' business of providing water/sewer services.
8	Tampering Charges and Penalties	Additional charges and penalties to customers who have tampered with District facilities (e.g., cutting locks off, unlawful connections, etc.).	Yes	This is taxable income from charges billed to customers related to the Districts' business of providing water/sewer services.
9	Permit Charges	The District constructs projects and needs to secure permits and pay for those permits. The District may then pass that cost along to its customers and receive revenue. The District also issues refundable permits.	Yes and No	To the extent permit charges are paid to the District to compensate the District for the cost of permits it obtained to build or add to the Districts' water/sewer projects, then this would be taxable revenue from charges to customers related to the Districts' business of providing water/sewer services. Excludes any refundable permitting fees, charges.
10	Hydrant Rental Fees	Charges to Contractors/developers for temporary construction site water service.	Yes	To the extent Hydrant Rental Charges are directly related to the Districts' business of providing water services for commercial purposes.
11	Hydrant Rental Penalty Fees	Penalty charged to Contractor for late payment of rental fees. Contractors are usually Developers who need temporary water during construction activities.	Yes	This is taxable revenue from charges to Contractors/Developers related to the Districts' business of providing water services for commercial purposes.

12	Hydrant Rental Deposit Fees	Fees charged as a deposit against lost or damaged Hydrant Meter assemblies.	No	Fees are collected and returned if assembly is not lost or damaged. Fees retained to replace or repair the equipment do not provide revenue.
13	Inspection Fees	Inspection charges paid by Property Owners/Developers seeking to extend or improve facilities to serve their properties. Paid as condition of project acceptance. Inspections conducted by District staff.	No	These fees are not revenue from the Districts' water/sewer business; instead, the charges relate to the Districts' inspection/permitting authority, which is a non-taxable governmental function. In addition, these charges serve to offset costs incurred in performing a governmental function.
14	Interest Income	Interest earned on District funds invested.	No	Derived revenue is not from the Districts' business of providing water/sewer services.
15	General Facility Charges	Charges paid by Property Owners/Developers to connect to District water/sewer systems.	No	General Facility Charges are costs paid to reimburse the District for the cost of existing and future facilities. This is not taxable revenue related to the Districts' business of providing water/sewer services.
16	Meter Installation Charges	Charges paid by Property Owners/Developers for water meter and installation.	Yes	This is taxable revenue from charges related to the Districts' business of providing water/sewer services.

17	Judgments & Settlements	Amounts collected from customers after commencement of collection suit.	Yes and No	Yes, so long as the judgments and settlements relate to collection of amounts that are otherwise taxable.
18	Metal Recycling, surplus materials or equipment	Payment for misc. recycled metals such as broken meters, pipe, etc. or surplus equipment.	No	This revenue is not income from the Districts' business of providing water/sewer services.
19	Grant Funds for District Projects and Facilities	Grant funds received by the Districts in support of miscellaneous District projects or facilities.	No	Grant Funds received are not from the Districts' business of providing water/sewer services to billed customers. (Note: grant funds if used to pay water/sewer service charges would be taxable)
20	Donations/Pledges	Amounts received from city customers or third parties within the city as donations to customer assistance programs. The money would be applied to delinquent water and sewer bills. The District does not currently have an established program.	No	Donations/Pledges are not "gross revenue" because they are merely pass-through monies collected and then applied to delinquent accounts. However, payments made to delinquent accounts within the City are taxable.
21	Hydrant/Fire Suppression Services	Charges relating to hydrants/fire suppression services.	No	This revenue is a non-taxable. The provision of Fire Suppression and supporting systems are an essential governmental function.

22	ULID Assessments	Charges assessed to and paid by property owners located within a ULID to pay for the cost of water/sewer facilities.	No	ULID assessment payments are costs paid to reimburse the District for the cost of facilities constructed. This is not taxable gross revenue related to the Districts' business of providing water/sewer services.
23	Joint Projects and Pass-through Charges	Payments or charges received in connection with a joint project where payments are made by a contracting party for a share of the project costs.	No	Payments or charges made in connection with joint projects are costs paid to reimburse the District for the cost of facilities constructed that benefit another entity. This is not taxable revenue related to the Districts' business of providing water/sewer services.
24	Treatment Charges	Payments or charges received for Wastewater Treatment	No	Treatment charges paid by customers are merely pass-through and offset of costs incurred by the District and are not taxable revenue.
25	Taxes and charges collected for other Entities or Government Agencies	The District may collect taxes, fees or other charges from their customers that are then remitted to the applicable entity or government agency.	No	Taxes or charges collected by the District for other entities or government agencies are merely pass-through amounts collected on behalf of the applicable government agency or entity.

26	Reimbursement/Late Comer Charges/Fees	The District may collect reimbursement/late Comer charges/fees	No	Charges/Fees received to reimburse the District or Developer for the cost of facilities constructed or administration of collection. This is not taxable gross revenue related to the Districts' business of providing water/sewer services.
27	Account Setup Charges/Fees	The District collects a fee for account setup when establishing a new customer for the service.	No	The Charges/Fees collected for setup of a new account are administrative costs incurred by the District. This is not taxable gross revenue related to the Districts' business of providing water/sewer services.
28	Developer Extension Contract Charges/Fees	The District may collect charges/fees from Contractors/Developers for extension facilitates and infrastructure.	No	The Charges/Fees collected for Extension Contracts are for administrative costs, plan review, copying, project tracking, recording fees, inspections, etc. This is not taxable gross revenue related to the Districts' business of providing water/sewer services.