RESOLUTION NO. 657

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF BIRCH BAY WATER & SEWER DISTRICT, WHATCOM COUNTY, WASHINGTON, REGARDING LOCAL FACILITIES CHARGES FOR THE BIRCH BAY VIEW SEWER PROJECT

The following recitals shall be considered findings of the Board of Commissioners of the Birch Bay Water and Sewer District.

WHEREAS, residents of the Birch Bay View area are within the District's service area and approached the Board about their need for sewer services; and

WHEREAS, the Birch Bay View area contains a high percentage of low income residents and is already developed at urban densities; and

WHEREAS, the soils in the Birch Bay View area are generally of poor quality to support on-site sewage systems and there have been numerous failures of such systems in the past; and

WHEREAS, the District decided to consider extension of its sewer system and services to the Birch Bay View without forming a U.L.I.D.; and

WHEREAS, financing said improvements via collection of local facilities charges was substantially more favorable to Birch Bay View property owners than financing by way of U.L.I.D. formation; and

WHEREAS, at the same meeting in November 2003, the Board of Commissioners of the Birch Bay Water and Sewer District adopted Resolution Nos. 627 and 628; and

WHEREAS, Resolution No. 627 established an alternative mechanism for sewer extensions including policies and procedures associated therewith; and

WHEREAS, Resolution No. 628 established a financial plan for extension of sewer system to Birch Bay View area in which local facilities charges would fund part of the cost of the extension; and

WHEREAS, in November 2004, the District adopted Resolution No. 636, which clarified and modified Resolution No. 627 by replacing it in its entirety; and

WHEREAS, on December 23, 2004, the District revised Resolution No. 636 regarding deferral agreements by adopting Resolution No. 640; and

WHEREAS, upon its adoption Resolution No. 640 replaced Resolution No. 636 and became the District's complete governing resolution establishing an alternative mechanism for sewer extensions, including policies and procedures associated therewith; and

WHEREAS, Resolution No. 640 is applicable to the extension of sewage facilities at the Birch Bay View development; and

WHEREAS, notice of a Public Hearing concerning the extension and financing of sewage facilities at the Birch Bay View development ("Birch Bay View Sewer Project") was mailed to property owners on April 29, 2005; and

WHEREAS, the Public Hearing was held at the District's regular meeting on May 12, 2005; and

WHEREAS, following the Public Hearing, and after consideration of the factors identified in Section 5 of Resolution No. 640, the Board of Commissioners adopted Resolution No. 647 on May 26, 2005, establishing the Project Service Area and ordering design and construction of the Birch Bay View Sewer Project in accordance with State and District requirements; and

WHEREAS, construction of the Birch Bay View Sewer Project has now been completed; and

WHEREAS, the final costs associated with the Birch Bay View Sewer Project have now been calculated in accordance with Section 7.A. of Resolution No. 640; and

WHEREAS, based upon the final Birch Bay View Sewer Project cost, a proposed local facilities charge was calculated for each property in the Project Service Area per Equivalent Living Unit ("ELU"), as that term is defined in the District Code; and

WHEREAS, the real property within the Project Service Area is described and/or depicted on Exhibit A; and

WHEREAS, two heretofore undeveloped parcels of real property are located outside of the Project Service Area, but will be benefited from the Birch Bay View Sewer Project upon development; and

WHEREAS, said two undeveloped parcels of real property known as Monterey Heights (parcel described in Exhibit B1) and Horizons (parcel described in Exhibit B2), respectively (hereafter individually "Benefited Property" and collectively "Benefited Properties"); and

WHEREAS, based upon a final Birch Bay View Sewer Project cost, a proposed local facilities charge was calculated by lineal foot for the Benefited Properties; and

WHEREAS, said calculation was adjusted to exclude estimated grant-related costs; and

WHEREAS, the proposed charges together with notice of a Public Hearing thereon were mailed to each property owner in the Project Service Area on June 12, 2006 and to Monterey Heights and Horizons on June 13, 2006; and

WHEREAS, the Public Hearing on the local facilities charges was held at a special meeting of the Board of Commissioners on June, 29, 2006; and

WHEREAS, in the course of adopting this resolution the Board of Commissioners have duly considered all information and testimony presented prior to and at the Public Hearing; and

WHEREAS, the Board of Commissioners find that the final project cost for the Birch Bay View Sewer Project was One Million Seven Hundred Twenty-Four Thousand Forty Four Dollars (\$1,724,044.00); and

WHEREAS, the Board of Commissioners find that the proposed local facilities charge per equivalent living unit ("ELU") for property in the Project Service Area was properly calculated and applied pursuant to Resolution 640 and the local facilities charge per lineal foot for the Benefited Properties was properly calculated and represents a fair and equitable share of the costs; and

WHEREAS, the foregoing recitals and findings are a material part of this Resolution;

NOW, THEREFORE, be it resolved by the Board of Commissioners ("Board") of Birch Bay Water and Sewer District, Whatcom County, Washington as follows:

<u>Section 1:</u> Local facilities charges are hereby established and assessed for all real property within the Project Service Area, in an amount per equivalent living unit ("ELU") as set forth in Exhibit C. The amount established herein for local facilities charges per ELU is subject to change by future resolution for properties not connected to the District system.

Section 2: Local facilities charges are hereby established and assessed for the Benefited Properties as set forth in Exhibit D, based upon the amount per lineal foot set forth therein. Said local facilities charges shall run with the land of each Benefited Property. In the event of subdivision of the Benefited Property known as Monterey Heights, the applicable local facilities charges for Monterey Heights shall be pro-rated as determined in the sole discretion of the District.

<u>Section 3:</u> Billing and collection policies and procedures for all local facilities charges subject to this Resolution are hereby established as set forth in Exhibit E, including attachments thereto.

<u>Section 4:</u> BE IT FURTHER RESOLVED that any resolutions or parts of resolutions in conflict herewith are hereby repealed insofar as they conflict with the provisions of this resolution.

<u>Section 5</u>: If any section, subsection, sentence, clause or phrase of this Resolution is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this Resolution. The Board of Commissioners hereby declare that it would have passed this code and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases has been declared invalid or unconstitutional, and if, for any reason, this Resolution should be declared invalid or unconstitutional, then the original Resolution or Resolutions shall be in full force and effect.

<u>Section 6</u>: This Resolution shall be effective immediately.

ADOPTED by the Board of Commissioners of Birch Bay Water & Sewer District, Whatcom County, Washington, at a special meeting held the 29th day of June, 2006.

COMMISSIONER

COMMISSIONER

COMMISSIONER

THIS IS TO CERTIFY that the above is a true and correct copy of Resolution No. 657 of Birch Bay Water & Sewer District, Whatcom County, Washington, adopted at the regular meeting of

the Board of Commissioners on

SECRETARY

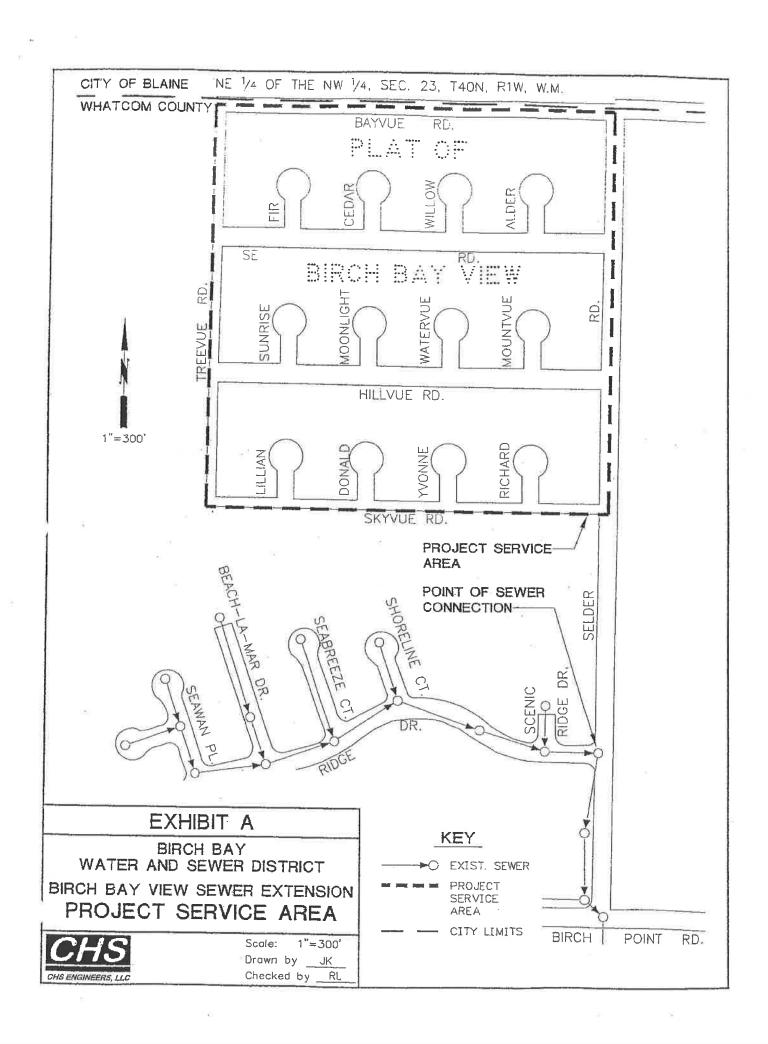


EXHIBIT B1

LEGAL DESCRIPTION

THAT PORTION OF THE FOLLOWING DESCRIBED PROPERTY LYING NORTH AND WEST OF THE PLAT OF BAY RIDGE ESTATES, AS FOLLOWS:

THE SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 40 NORTH, RANGE I WEST OF W.M., EXCEPT ROADS AS DEEDED TO WHATCOM COUNTY BY DEEDS RECORDED UNDER AUDITOR'S FILE NOS. 138580, 138582, 889643 AND 889644, AND EXCEPT BAY RIDGE ESTATES, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 14 OF PLATS, PAGES 13, 14 AND 15, RECORDS OF WHATCOM COUNTY, WASHINGTON; EXCEPT THAT PORTION DESCRIBED AS FOLLOWS:

THAT PORTION OF THE SOUTH ONE HALF OF THE NORTHWEST QUARTER OF SAID SECTION 23 COMMENCING AT THE SOUTHWEST CORNER OF SAID SOUTH HALF; THENCE NORTH 2 DEGREES 58'42", THE WEST LINE OF SAID SOUTH HALF, 405.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING NORTH 2 DEGREES 58'42" EAST, 919.08 FEET TO THE NORTHWEST CORNER OF SAID SOUTH HALF; THENCE SOUTH 87 DEGREES 17'27" EAST ALONG THE NORTH LINE OF SAID SOUTH HALF, 908.95 FEET; THENCE SOUTH 33 DEGREES 40'00" WEST, 414.24 FEET; THENCE SOUTH 14 DEGREES 30'00" WEST, 576.41 FEET; THENCE NORTH 87 DEGREES 15'00" WEST, 582.39 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT B2

HORIZONS AT SEMIAHMOO LEGAL DESCRIPTION

PHASE 1

A PORTION OF THE NORTHEAST QUARTER OF SECTION 23, TOWNSHIP 40 NORTH, RANGE 1 WEST, OF W.M., MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID NORTHEAST QUARTER THENCE SOUTH 89°52'03" EAST, ALONG THE NORTH LINE OF SAID NORTHEAST QUARTER, FOR A DISTANCE OF 30.00 FEET TO THE EASTERLY MARGIN OF SELDER ROAD AND THE TRUE POINT OF BEGINNING; THENCE SOUTH 00°00'00" WEST, ALONG THE EASTERLY MARGIN OF SELDER ROAD, FOR A DISTANCE OF 1420.26 FEET; THENCE NORTH 90°00'00" EAST, FOR A DISTANCE OF 548.23 FEET TO A POINT ON THE ARC OF A NON-TANGENTIAL CURVE TO THE LEFT WHOSE CENTER BEARS NORTH 07°17'53" EAST WITH A RADIUS OF 360.00 FEET: THENCE NORTHEAST ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 1°17'49" FOR A DISTANCE OF 8.15 FEET; THENCE SOUTH 83°59'56" EAST, FOR A DISTANCE OF 50.50 FEET TO THE ARC OF A TANGENTIAL CURVE TO THE RIGHT. HAVING A RADIUS OF 220.00 FEET; THENCE CONTINUING ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 58°54'04" FOR A DISTANCE OF 226.16 FEET: THENCE NORTH 55°22'29" EAST, FOR A DISTANCE OF 88.36 FEET TO THE ARC OF A TANGENTIAL CURVE TO THE LEFT, HAVING A RADIUS OF 530,00 FEET: THENCE CONTINUING ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 13°28'34" FOR A DISTANCE OF 124.66 FEET; THENCE NORTH 41°53'55" EAST, FOR A DISTANCE OF 95.08 FEET; THENCE SOUTH 39°49'28" EAST, FOR A DISTANCE OF 75.80 FEET; THENCE SOUTH 84°38'30" EAST, FOR A DISTANCE OF 188.86 FEET; THENCE NORTH 05°21'30" EAST, FOR A DISTANCE OF 148.13 FEET; THENCE SOUTH 79°25'25" EAST, FOR A DISTANCE OF 63.23 FEET; THENCE NORTH 10°34'35" EAST, FOR A DISTANCE OF 83.14 FEET TO A POINT ON THE ARC OF A NON-TANGENTIAL CURVE TO THE LEFT WHOSE CENTER BEARS NORTH 83°41' 58" WEST WITH A RADIUS OF 305.00 FEET; THENCE NORTHEAST ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 6°18'08" FOR A DISTANCE OF 33.55 FEET TO A POINT ON THE ARC OF A COMPOUND CURVE WITH A RADIUS OF 230.00 FEET. THENCE NORTHEAST ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 53°48'32" FOR A DISTANCE OF 216.00 FEET TO A POINT ON THE ARC OF A COMPOUND CURVE WITH A RADIUS OF 630.00 FEET; THENCE NORTHWEST ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 2°14'21" FOR A DISTANCE OF 24.62 FEET; THENCE NORTH 00°33'48" EAST, FOR A DISTANCE OF 243.10 FEET; THENCE NORTH 89°09'31" WEST, FOR A DISTANCE OF 41.06 FEET. THENCE NORTH 07°00'47" EAST, FOR A DISTANCE OF 148.31 FEET TO A POINT ON THE ARC OF A NON-TANGENTIAL CURVE TO THE LEFT WHOSE CENTER BEARS NORTH 07° 00' 47" EAST WITH A RADIUS OF 1630.00 FEET; THENCE SOUTHEAST ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 1°26'07" FOR A

DISTANCE OF 40.83 FEET; THENCE NORTH 04°50'27" EAST, FOR A DISTANCE OF 199.62 FEET; THENCE NORTH 89°05'19" WEST, FOR A DISTANCE OF 83.10 FEET; THENCE NORTH 73°42'58" WEST, FOR A DISTANCE OF 216.54 FEET; THENCE NORTH 64°39'45" WEST, FOR A DISTANCE OF 110.98 FEET; THENCE NORTH 51°20'44" EAST. FOR A DISTANCE OF 180.84 FEET TO A POINT ON THE ARC OF A TANGENTIAL CURVE TO THE RIGHT HAVING A RADIUS OF 220.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 37°38'41" FOR A DISTANCE OF 144.55 FEET; THENCE NORTH 88°59'25" EAST, FOR A DISTANCE OF 60.24 FEET TO A POINT ON THE ARC OF A TANGENTIAL CURVE TO THE LEFT HAVING A RADIUS OF 230.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 32°00'29" FOR A DISTANCE OF 128.49 FEET TO THE SOUTHERLY MARGIN OF SEMIAHMOO PARKWAY; THENCE NORTH 72°55'15" WEST, ALONG THE SOUTHERLY MARGIN OF SAID SEMIAHMOO PARKWAY, FOR A DISTANCE OF 39.31 FEET; THENCE NORTH 00°16'51" WEST, FOR A DISTANCE OF 35.60 FEET TO A POINT ON THE ARC OF A NON-TANGENTIAL CURVE TO THE RIGHT WHOSE CENTER BEARS NORTH 31°00'26" WEST WITH A RADIUS OF 170.00 FEET; THENCE SOUTHWEST ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 29°59'51" FOR A DISTANCE OF 89.00 FEET; THENCE SOUTH 88°59'25" WEST, FOR A DISTANCE OF 60.24 FEET TO A POINT ON THE ARC OF A TANGENTIAL CURVE TO THE LEFT HAVING A RADIUS OF 280.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 37°38'41" FOR A DISTANCE OF 183.97 FEET; THENCE SOUTH 51°20'44" WEST, FOR A DISTANCE OF 222.99 FEET TO A POINT ON THE ARC OF A TANGENTIAL CURVE TO THE LEFT HAVING A RADIUS OF 330.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 21°47'59" FOR A DISTANCE OF 125.56 FEET TO A POINT ON THE ARC OF A REVERSE CURVE HAVING A RADIUS OF 25.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 83°13'45" FOR A DISTANCE OF 36.32 FEET TO A POINT ON THE ARC OF A REVERSE CURVE HAVING A RADIUS OF 430.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 48°02'23" FOR A DISTANCE OF 360.53 FEET; THENCE NORTH 10°17'32" WEST, FOR A DISTANCE OF 133.67 FEET; THENCE SOUTH 90°00'00" WEST, FOR A DISTANCE OF 241.63 FEET; THENCE NORTH 00°00'00" EAST, FOR A DISTANCE OF 240.03 FEET TO A POINT ON THE NORTH LINE OF SAID NORTHEAST OUARTER: THENCE NORTH 89°52'03" WEST, ALONG THE NORTH LINE OF SAID NORTHEAST QUARTER, FOR A DISTANCE OF 75.00 FEET TO THE TRUE POINT OF BEGINNING.

SITUATE IN WHATCOM COUNTY, WASHINGTON

Exhibit C

BBV cost	
Total Project cost	1,763,205.24
Horizon's contribution	-50,886.81
Monterey Height's contribution	-125,769.04
Grant	-775,000.00
est. remaining side sewer grant	-20,000.00
est. county road reimbursement	-25,000.00
Remainder for LFC purposes	766,549.39
Total number of lots in project area	160
estimate 90% develop	144
Estimated LFC	\$5,323,26

Exhibit D

Total Project Cost	1,763,205.24
Estimated 5% grant cost	88,160.26
Project cost without grant	1,675,044.97
Lineal feet of 8" pipe	10122
Cost per lineal ft per side of road	82.74
Horizon's front footage	615.00
Horizon's conribution	50,886.81
Monterey Height's front footage	1,520.00
Monterey Height's contribution	125,769.04

BILLING AND COLLECTING POLICIES AND PROCEDURES

- 1. Mailing of Statement. For every property within the Project Service Area, the District will mail to the record owner(s) thereof a statement of the local facilities charges established for said property, the general facilities charges currently required for connection to the sewer system, and the current sewer base charge ("statement of charges"). Included in the mailing for all record owners of property in the Project Service Area shall be a description of the District's billing and collecting procedures for the statement of charges. For record owners of developed property, the statement of charges shall contain or be accompanied by a billing notice. "Developed property" means any lot, tract, or parcel with a use, development or improvement thereon requiring disposal, treatment, or storage of sanitary waste, and shall specifically include properties served by any type of onsite sewage system, e.g., drainfield or septic system.
- 2. Sewer base charges. Sewer base charges pay for operation and maintenance expenses of the District sewer system and refer to the minimum monthly charge applied to all developed properties which are either connected to the District's sewer system or for which such connection is available. Sewer base charges for all developed properties in the Project Service Area will begin upon the first full two month billing cycle which is at least one month after establishment of the local facilities charges. If the Board establishes the local facilities charges following the public hearing on June 29, 2006, for example, sewer base charges would begin August 14, 2006. The current sewer base charge is \$24.40 per bimonthly billing period.
- 3. <u>Local and general facilities charges due on connection.</u> For property within the Project Service Area, local facilities charges and general facilities charges will be due prior to connection to the District sewer system.
- 4. Election Period. Each owner of developed property will be given ninety (90) days from the date on the statement of charges and billing notice described in Paragraph 1 to: (a) connect to the District system and prior to the time of connection pay in full all charges set forth in the statement of charges, plus any other fees or charges required to connect; or (b) connect to the District system and prior to the time of connection sign and return an agreement to pay local facilities and general facilities charges by installment as described in Paragraph 5, plus pay any other fees or charges required to connect; or (c) sign and return the deferral agreement, if eligible, as described in Paragraph 6 and Sub-Paragraphs 6a and 6b herein. No extensions from this ninety (90) day time period will be granted except by approval of the Board, in exercising its sole discretion. For purposes of these policies and procedures, "election period" refers to this ninety (90) day time period, plus any extensions of that period approved by the Board. Requests for

such extensions shall be submitted in writing to the District General Manager not later than ninety (90) days following the date on the statement of charges and shall include a concise statement of grounds supporting the request. Any such written request shall be considered by the Board of Commissioners at its next regular meeting scheduled more than three (3) days following receipt of the request.

- 5. Payment of local and general facilities charges by installment method. During the election period described in Paragraph 4 or any extensions thereof, each owner of developed property may choose to connect to the District sewer system and agree prior to the time of connection to pay the local facilities and general facilities charges as established at the time of connection by installment by signing and returning to the District a recordable agreement substantially in conformance with Attachment 2 to this Exhibit E. The installments will be in fifteen (15) equal annual payments at an interest rate established by the District. However, the entire principal and any interest owing will be accelerated and due in full upon any sale or transfer of property subject to payment by installment method. The term "sale or transfer" is defined in Sub-Paragraph 6b herein. The property owner shall also pay in full prior to the time of connection any and all fees or charges, other than said local and general facilities charges, required to connect.
- 6. <u>Deferral of connection.</u> During the election period or any extensions thereof described in Paragraph 4, each owner of developed property may choose to defer connection to the District sewer system and defer payment of local facilities and general facilities charges subject to the conditions specified in the following subparagraphs.
 - a. Owners of developed property with working on-site sewage systems may defer connection to the District sewer system if the property owner executes a recordable agreement with the District as generally described herein and returns said agreement to the District during the election period. This opportunity shall only be available to those record owners of property which have a working on-site sewage system and for property which qualifies as developed property as of the date of mailing of the statement of charges described in Paragraph 1. To be eligible to enter an agreement to defer connection to the District sewer system ("deferral agreement') and defer payment of local facilities and general facilities charges, the property owner must first deliver to the District a letter or written statement from the Whatcom County Department of Health ("Health Department") or other qualified source certifying that the on-site septic system on the property was properly designed and is presently in good working order. Whether a source other than the Health Department is "qualified" shall be a judgment within the sole discretion of the District.

- b. Said deferral agreement will be prepared by the District and will be substantially as set forth in Attachment 1 to this Exhibit E. Said deferral agreement shall state that the property owner will agree to promptly connect to the District system upon occurrence of either of the following events: (1) failure of any on-site sewage system on the property, or (2) sale or transfer of the property. In said deferral agreement the property owner will acknowledge the obligation to pay applicable local facilities and general facilities charges prior to the time of connection to the District sewer system in the amount at which such charges are established at the time connection is sought. Said deferral agreement shall also provide that the property owner will pay interest on the local facilities charges from the date of project acceptance until the date of connection (at a rate commensurate with the rate of interest applicable to the District at the time of project construction); provided that, such interest shall cease to accrue ten (10) years after the date of project acceptance. The deferral agreement shall further provide that the property owner's obligation to pay general facilities charges, local facilities charges with interest, and sewer base charges, will be a lien upon the property until paid in full. For purposes of the connection requirement in this sub-paragraph and the accelerated payment required described in Paragraph 5, a property shall be considered sold or transferred upon (1) conveyance by deed; (2) execution of a real estate contract; (3) gift, devise, or trust; or (4) execution of a lease for a term, including potential renewal periods, in excess of ten (10) years.
- 7. Failure to connect. Should an owner of developed property in the Project Service Area fail to timely connect to the District sewer system under any of the terms outlined in Paragraphs 4, 5, and 6 and Sub-Paragraphs 6a and 6b herein and fail to qualify for deferral and/or fail to timely return a fully and properly executed deferral agreement on the form provided by the District within the election period or any extensions thereof as described in Paragraph 4, the District will compel connection to the District sewer system and impose a penalty in an amount up to One Thousand Dollars (\$1,000.00) for the failure to timely connect. In addition, the District may enter the property, complete the construction necessary, and connect the property to the District sewer system, at property owner's expense, as authorized by RCW 57.08.005(8) and Paragraph 11 herein. The District further reserves the right, in its discretion, to seek any judicial review, authorization, or remedy it deems appropriate.
- 8. <u>Delinquency.</u> Owners of developed property in the Project Service Area connecting to the District sewer system and electing to pay for local and general facilities charges by installment as described in Paragraph 5 hereof who fail to make payment within thirty (30) days of the due date for each installment or who fail to pay the full amount owing immediately upon sale or transfer of the

property shall be considered delinquent. Owners of developed property forcibly connected or required to connect by the District to the District sewer system shall make full payment of local facilities and general facilities charges within thirty (30) days of the date of connection or within thirty (30) days following the fourteenth (14th) day after the date of mailing the notice requiring connection as set forth in Section 5 of Attachment 1 to this Exhibit E, whichever occurs first. Thereafter any unpaid amount shall be considered delinquent. Owners of developed property in the Project Service Area shall make payment of all sewer service or sewer base charges within thirty (30) days of the due date for each charge or shall be considered delinquent.

- 9. Authority to lien. Upon a delinquency in payment of general facilities charges, local facilities charges, and/or sewer service or base charges for more than thirty (30) days, the District shall have the authority to lien real property and collect such delinquent charges, together with interest and penalties, pursuant to RCW 57.08.081. In addition, local facilities, general facilities, and sewer service and/or sewer base charges shall immediately and automatically become a lien on real property in the Project Service Area upon entry by the record owner(s) thereof into an agreement in substantial conformance with Attachment 1 or Attachment 2 hereto. In case of a forced or District required connection described in Paragraph 8 and 12, the local facilities and general facilities charges due shall be a lien against the property.
- 10. Conversion of undeveloped property into developed property. Undeveloped property within the Project Service Area will not be required to connect to the District sewer system and the owner thereof shall not be required to pay general facilities, local facilities, or sewer base charges until said undeveloped property becomes developed property. Upon the conversion of undeveloped property into developed property within the Project Service Area, the owner of such newly developed property shall immediately connect to the District sewer system and prior to the time of connection shall pay in full the general facilities charges and local facilities charges as established at the time of connection (including interest accrued on the local facilities charges as described in Paragraph 6b) and shall also begin payment of sewer monthly service charges. To be eligible to enter into an agreement for payment of local facilities and general facilities charges by installment as provided in Paragraph 5 and Attachment 2 to this Exhibit E, a property owner must have converted his undeveloped property to developed property and entered into an agreement substantially in conformance with said Attachment 2 prior to expiration of the election period or any extensions thereof as described in Paragraph 4.
- 11. Failure to Connect to Sewer System District Authority; Notice/Appeal. The District may impose a penalty in an amount of up to One Thousand Dollars (\$1,000.00) against any owner of developed property within an area served by the

system of District sewers for failure to connect to the District sewer system following a notice from the District to compel such connection. The District may also enter upon private property in an area served by the system of District sewers and connect the private drains or sewers with the District system and the cost thereof shall be charged against the property owner and shall be a lien upon the property served. Notice of the penalty and/or cost of connection shall be mailed to the property owner according to the records of the County Assessor's Office. The notice of the penalty and/or cost of connection shall include a brief description of the basis therefor and shall advise the property owner of the right to an informal hearing before the Board. The property owner shall have an opportunity to contest the penalty and/or costs or seek mitigation thereof by requesting an informal hearing with the Board. Said request for an informal hearing before the Board shall be made within twenty-one (21) days of the date of mailing the notice, and said hearing shall take place within thirty (30) days of the District's receipt of a timely request for such a hearing. The decision of the Board shall be noted in writing and mailed to the property owner within ten (10) days following the hearing. Payment of any penalty or cost shall be due within thirty (30) days following the mailing of the first notice herein or following a final decision of the Board on a timely appeal, whichever is later. All past due or delinquent payments shall be charged interest at a rate of twelve percent (12%) per annum. Following the hearing, the decision of the Board shall be final. Should legal proceedings be necessary to enforce collection of the penalty, through foreclosure of the lien or otherwise, the District shall be entitled to recover its collection costs and attorney's fees.

ATTACHMENT 1 to EXHIBIT E

AFTER RECORDING RETURN TO: Robert A. Carmichael Zender Thurston, P.S. 1700 'D' Street Bellingham, WA 98225

DOCUMENT TITLE:

Agreement For Connection And Payment Deferral And Establishment Of Lien Against Property

REFERENCE NUMBER OF RELATED DOCUMENT:

GRANTOR(S): <Property Owner>

GRANTEE(S):

Birch Bay Water and Sewer District

ABBREVIATED LEGAL DESCRIPTION:

ADDITIONAL LEGAL DESCRIPTION ON PAGE(S) _____ OF DOCUMENT.

ASSESSOR=S TAX PARCEL NUMBER(S):

AGREEMENT FOR CONNECTION AND PAYMENT DEFERRAL AND ESTABLISHMENT OF LIEN AGAINST PROPERTY

This Agreement is made by and between \Leftrightarrow ("Property Owner") and Birch Bay Water & Sewer District ("District").

WITNESSETH:

WHEREAS, the District has constructed sewer improvements in an area previously without access to public sewer service, commonly known as Birch Bay View; and

WHEREAS, the Property Owner owns the following described real property in Birch Bay View which now has access to public sewer service:

See Exhibit A attached hereto.

(hereafter "Property"); and

WHEREAS, the District has the authority to compel Property Owner to connect the Property to the District sewer system pursuant to RCW 57.08.005(8); and

WHEREAS, upon receipt of written verification that the Property Owner has a properly working septic system and upon complete execution of this Agreement the District is willing to forego its right to compulsory connection of the Property to the District sewer system at this time; and

WHEREAS, by executing this Agreement the District also agrees to forego immediate collection of payment of the local facilities charges and general facilities under the terms and conditions set forth herein; and

WHEREAS, this Agreement shall only be entered into with the record owners of developed property, as set forth in District Resolution No. _____; and

WHEREAS, the foregoing recitals are a material part of this Agreement;

NOW THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Property Owner Obligations.

A. Debt for Local Facilities Charges. Property Owner owes the District a debt for local facilities charges ("Local Facilities Debt") for construction of sewer improvements which make public sewer service available to the Property. The amount of the Local Facilities Debt is presently <>, but may increase or decrease from time to time prior to connection as established by District resolution, based on a finding of changed circumstances or assumptions in the area served by the sewer improvements. The Local Facilities Debt for the Property shall be determined in accordance with the governing District resolution in effect at the time of connection. The Local Facilities Debt shall accumulate interest at a rate of <>% per annum from the date of construction of the system (<>), to connection to the District sewer system up to a maximum time period of ten (10) years. The Local Facilities Debt, together with any interest accrued thereon, shall be due in full prior to connection to the District sewer system, or upon the fourteenth (14th) day following the date of mailing by the District of a written notice requiring connection pursuant to Section 5 herein, whichever occurs first.

- B. Debt for General Facilities Charges. The general facilities charge for Property Owner to connect to the District sewer system is presently <>. Property Owner owes the District <> for general facilities charges ("General Facilities Debt') in return for the District foregoing its right to require immediate connection. The General Facilities Debt shall increase or decrease from time to time prior to connection in the amount equal to any increase or decrease in general facilities charges established by resolution by the District. The General Facilities Debt shall be the general facilities charge established by District resolution in effect at the time of connection. The General Facilities Debt shall be due in full prior to connection to the District sewer system, or upon the fourteenth (14th) day following the date of mailing by the District of a written notice requiring connection pursuant to Section 5 herein, whichever occurs first.
- C. Debt for Sewer Base Charges. Sewer base charges pay for the operation and maintenance expenses of the District sewer system and refer to the minimum monthly charge for sewer availability. Property Owner shall owe the District a debt for sewer base charges ("Base Charge Debt') for making available public sewer service to the Property on an ongoing basis. The Property Owner's obligation to pay sewer base charges began <> (date of acceptance by the District of sewer improvements to serve the Property). Sewer base charges shall be billed at a rate of <> per month (which rate may increase or decrease from time to time as established by District resolution) and shall be paid by the date due set forth in the billing. The Base Charge Debt shall equal all sewer base charges against the Property owing or billed, but not yet paid.
- D. Lien on Property. The Local Facilities Debt, General Facilities Debt, and Base Charge Debt shall be a lien upon the Property in favor of the District until paid.

2. Condition Precedent to Agreement and District Consideration.

- A. Condition Precedent. As a condition precedent to the entry and effectiveness of this Agreement the Property Owner shall deliver to the District a letter or written statement from the Whatcom County Department of Health ("Health Department") or other qualified source certifying that the on-site septic system on the Property was properly designed and is presently in good working order. For purposes of this section, whether a source other than the Health Department is "qualified" shall be a judgment within the sole discretion of the District.
- B. District Consideration. The District has constructed public sewer improvements thereby making public sewer service available to the Property. The District shall not require Property Owner to immediately connect to the District sewer system or to immediately pay local facilities or general facilities charges. Property Owner may continue to rely upon an existing on-site sanitary sewer system to serve the Property, subject to Sections 3 and 4 herein.
- 3. Payment of Debt Due on Connection or Following Mailing Section 5 Notice. The Local Facilities Debt and the General Facilities Debt (together "Connection Debt") shall be

due in full prior to connection of the Property to the District sewer system or upon the fourteenth (14th) day following the date of mailing the notice requiring connection to Property Owner from the District as described in Section 5 herein, whichever occurs first. Property Owner may pay the Connection Debt prior to the date it is due without penalty. The Property Owner shall not have the right to pay the Connection Debt in installments.

- **4.** Connection Required. Property Owner shall promptly connect Property to the District sewer system following any one of the following events:
- a. Upon a failure of any on-site sewage system on the Property. The Whatcom County Health Department administers regulations which determine when an on-site sewage system has failed, and the below defined standard is modeled after those regulations. "Failure" means a condition of an on-site sewage system that threatens the public health by inadequately treating sewage or by creating a potential for direct or indirect contact between sewage and the public. Examples of "failure" include, without limitation:
 - 1. Sewage on the surface of the ground;
 - 2. Sewage backing up into a structure caused by slow soil absorption of septic tank effluent;
 - 3. Sewage leaking from a septic tank, pump chamber, holding tank, or collection system;
 - 4. Cesspools or seepage pits where evidence of ground water or surface water quality degradation exists;
 - 5. Inadequately treated effluent contaminating ground water or surface water;
 - 6. Noncompliance with standards stipulated on the permit;
 - 7. Any instance in which the local or state health department determines that the condition of an on-site sewage system threatens public health.
- b. Upon a sale or transfer of the Property. The Property shall be deemed sold or transferred when any interest in the Property is:
 - 1. Conveyed by deed;
 - 2. The subject of a real estate contract;
 - 3. Transferred by gift, devise, or trust;
 - 4. Leased for a period in excess of ten (10) years.
- 5. Failure to Connect When Required. Once one of the events identified in Section 4 occurs, regardless of how much time has transpired since the event, the District may provide written notice thereof to Property Owner and require connection to the District sewer system within fourteen (14) days of the date of mailing the notice. If Property Owner fails to timely connect to the District sewer system as required, the District may compel connection and/or enter onto the property to effect such a connection itself, as authorized by RCW 57.08.005(8) and District Resolution No. _____. All costs, interest, and penalties associated with any such

compulsory connection made by the District shall be borne by Property Owner and shall be a lien upon the Property until paid.

- Debt Delinquency Lien Foreclosure. In the event Property Owner fails to pay all or any portion of the Connection Debt or Base Charge Debt more than thirty (30) days following the date it is due as defined in Sections 3 and 1(C), respectively, the unpaid Connection Debt and/or Base Charge Debt shall be deemed delinquent and the District may foreclose on its lien thereon at any time thereafter. A District lien for costs, interest, and penalties incurred by the District in connecting the Property Owner to the District sewer system pursuant to Section 5 herein, may be foreclosed upon by the District at any time following delinquency, as determined in accordance with District Resolution No.
- 7. Costs of Lien Foreclosure. Property Owner shall pay the District all of the District's costs and attorney's fees incurred in lien foreclosure or other collection proceedings.
- 8. Applicable Provisions. The liens established against the Property pursuant to this Agreement and the rights to collect are independent contractual rights and are authorized under the District's authority to contract. Nothing herein, however, is intended to limit or adversely affect the rights of the District pertaining to lien priority, or to charge, lien property, or collect connection or service fees pursuant to its separate authority under statutory and code provisions. Except as otherwise provided, the rights, procedures and process established in Title 57 RCW and District code provisions applicable to the collection of connection charges and base charges shall govern collection of the Connection Debt and Base Charge Debt, including the right of the District to recover its reasonable costs and attorney's fees.
- 9. Notice. All notices and other communications required or permitted to be given by this Agreement must be in writing and must be given and will be deemed received if and when either hand delivered, faxed or mailed to:

Birch Bay Water & Sewer District	<[Property Owner]>
General Manager	<>
Birch Bay Water & Sewer District	<>
7096 Point Whitehorn Rd.	<>
Birch Bay, WA 98230-9675	<>
Fax: (360) 371-2806	

or to such other address as the Parties hereto may from time-to-time designate in writing and deliver in a like manner. Facsimile transmission of any signed original document and retransmission of any signed facsimile transmission shall be the same as delivery of an original document.

10. Non-waiver of Breach. Failure of either Party at any time to require performance of any provision of this Agreement shall not limit such Party's right to enforce such provision, nor shall any waiver of any breach of any provision of this Agreement constitute a waiver of any succeeding breach of such provision or a waiver of such provision itself.

- 11. Severability. If any term or provision of this Agreement or the application thereof to any person, entity or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such term or provision to persons, entities or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 12. Governing Law. The laws of the State of Washington shall govern any disputes arising under this Agreement.
- 13. Venue. Any disputes shall be adjudicated in the Superior Court for Whatcom County, Washington, unless otherwise agreed.
- 14. Run With Land Binding on Heirs, Successors, and Assigns. This Agreement shall run with the land and will be binding upon the heirs, successors, and assigns of each Party, for so long as this Agreement remains in effect.
- 15. Entire Agreement. This Agreement constitutes the entire agreement between the District and the Property Owner as to the matters contained herein. No oral or written statements made by either Party prior to or following entry of this Agreement shall be considered a part of this Agreement unless expressly incorporated herein in writing. This Agreement may be modified in writing only, upon mutual agreement of the Parties.

Cianal Att.

Signed this day of, <>.	
BIRCH BAY WATER AND SEWER DISTRICT:	PROPERTY OWNER:
By:	Print name:
Its:	
	Print name:
State of Washington) County of Whatcom)	
I certify that I know or have satisfactory evidence appeared before me, and said person acknowledge oath stated that (he/she) was authorized to execute	ed that (he/she) signed this instrument, on

	of Birch Bay Water and Sewer District to be the free and
voluntary act of such party for	the uses and purposes mentioned in the instrument.
Dated:	
	Print Name:
	Notary Public in and for the state of Washington. My appointment expires:

State of Washington)		
County of Whatcom)) §)	
I certify that I know or appeared before me, an acknowledged it to be (the instrument.	have satisfactory evi d said person acknow his/her) free and vol	idence thatis the person who wledged that (he/she) signed this instrument and untary act for the uses and purposes mentioned in
Dated:		
		Print Name: Notary Public in and for the state of Washington My appointment expires:
State of Washington) County of Whatcom)		
appeared before me, and	d said person acknow	dence that is the person who vledged that (he/she) signed this instrument and untary act for the uses and purposes mentioned in
Dated:		
	**	Print Name:
		Print Name: Notary Public in and for the state of Washington. My appointment expires:

ATTACHMENT 2 to EXHIBIT E

AFTER RECORDING RETURN TO: Robert A. Carmichael Zender Thurston, P.S. 1700 'D' Street Bellingham, WA 98225

DOCUMENT TITLE:

Agreement For Payment of Local and General Facilities Charges and Establishment of Lien Against Property

REFERENCE NUMBER OF RELATED DOCUMENT:

GRANTOR(S):
<Pre><Pre>roperty Owner>

GRANTEE(S):

Birch Bay Water and Sewer District

ABBREVIATED LEGAL DESCRIPTION:

ADDITIONAL LEGAL DESCRIPTION ON PAGE(S) _____ OF DOCUMENT.

ASSESSOR=S TAX PARCEL NUMBER(S):

AGREEMENT FOR PAYMENT OF LOCAL AND GENERAL FACILITIES CHARGES AND ESTABLISHMENT OF LIEN AGAINST PROPERTY

This Agreement is made by and between \Leftrightarrow ("Property Owner") and Birch Bay Water & Sewer District ("District").

WITNESSETH:

WHEREAS, the District has constructed sewer improvements in an area previously without access to public sewer service, commonly known as Birch Bay View; and

WHEREAS, the Property Owner owns the following described real property in Birch Bay View which now has access to public sewer service:

See Exhibit A attached hereto.

(hereafter "Property"); and

WHEREAS, the District has authorized payment by installments over time for local and general facilities charges for sewer for properties in the Birch Bay View Project Service Area, upon connection to the District sewer system; and

WHEREAS, the District has authorized said payments may be received under the terms as are available for the local and general facilities charges; and

WHEREAS, the Property Owner desires to pay the aforementioned local and general facilities charge on the installment basis authorized by the District; and

WHEREAS, this Agreement shall only be entered into with the record owners of developed property, as set forth in District Resolution No. ____; and

WHEREAS, the foregoing recitals are a material part of this Agreement;

NOW, THEREFORE, IT IS HEREBY AGREED by and between the parties as follows:

1. Property Owner Obligations.

| A. Payment of Local and General Facilities Charges. The Property Owner shat pay to the District the local and general facilities charges for sewer connection to the District sewer system in the total principal sum of |
|--|
| (\$), plus interest thereon, compounded annually (collectively "Debt"). The intere |
| rate on said principal sum shall be <>. By entering into this Agreement the Property Owner |
| accepts the amount of the Debt, including the interest rate thereon, as the correct amount due an |
| owing to the District. |
| |
| B. Installment Terms. The Debt shall be paid by the Property Owner to the Distri-
in 15 equal annual installments of |
| in 15 equal annual installments of |
| in 15 equal annual installments of, and the same same same same same same same sam |
| in 15 equal annual installments of (\$ |
| in 15 equal annual installments of |
| in 15 equal annual installments of (\$ |

- C. Monthly Service Charges. The Property Owner's obligation to pay the District's local monthly service charges for sewer availability and service began <> (date of acceptance by the District of sewer improvements to serve the Property). The Property Owner shall pay said local monthly service charges when due, in accordance with the District rates and policies in effect for all District ratepayers connected to the sewer system. Collection enforcement of monthly service charges will be as set forth in District code, policies, and RCW 57.08.081.
- D. Lien on Property. The Debt shall be a lien upon the Property ("Lien"), in favor of the District.
- 2. District Consideration. The District has constructed public sewer improvements thereby making public sewer service available to the Property. The District shall allow Property Owner to immediately connect to the District sewer system under the terms established herein. Payment in full of the Debt represents total payment of the local facilities and general facilities charges due for connection of the Property to the District sewer system.
- 3. Debt Delinquency; Debt Acceleration; Lien Foreclosure; Debt Due On Sale.
- A. Delinquency, Acceleration and Lien Foreclosure. Any installment payment not made on or before its due date as established in Section 1.B herein is delinquent. If payment of any delinquent installment is not made within sixty (60) days following its due date, the entire unpaid principal and interest shall become due, and said entire sum shall thereupon be considered a delinquent connection charge under the District Code. Upon delinquency and at any time thereafter, the District may assess applicable penalties and foreclose upon the Lien.
- **B.** Due on Sale. The Debt shall also be accelerated and due in full upon any sale or transfer of the Property. The Property shall be deemed sold or transferred when any interest in the Property is:
 - 1. Conveyed by deed;
 - 2. The subject of a real estate contract;
 - 3. Transferred by gift, devise, or trust;
 - 4. Leased for a period in excess of ten (10) years.

If the Debt is not paid in full on sale or transfer of the Property it shall be considered delinquent under the District code and the District may assess applicable penalties and foreclose upon the Lien.

- 4. Cost of Lien Foreclosure. Property Owner shall pay the District all of the District's costs and attorneys fees incurred in Lien foreclosure or other collection proceedings.
- 5. Applicable Provisions. The liens established against the Property pursuant to this Agreement and the rights to collect are independent contractual rights and are authorized under the District's authority to contract. Nothing herein, however, is intended to limit or adversely affect the rights of the District pertaining to lien priority, or to charge, lien property, or collect connection or service fees pursuant to its separate authority under statutory and code provisions.

Except as otherwise provided, the rights, procedures and process established in Title 57 RCW and District code provisions applicable to the collection of connection charges shall govern collection of the Debt, including the right of the District to recover its reasonable costs and attorney's fees.

6. Notice. All notices and other communications required or permitted to be given by this Agreement must be in writing and must be given and will be deemed received if and when either hand delivered, faxed or mailed to:

| Birch Bay Water & Sewer District | Property Owner |
|----------------------------------|---|
| General Manager | |
| Birch Bay Water & Sewer District | 200000000000000000000000000000000000000 |
| 7096 Point Whitehorn Rd. | 444 |
| Birch Bay, WA 98230-9675 | |
| Fax: (360) 371-2806 | |

or to such other address as the Parties hereto may from time-to-time designate in writing and deliver in a like manner. Facsimile transmission of any signed original document and retransmission of any signed facsimile transmission shall be the same as delivery of an original document.

- 7. Non-waiver of Breach. Failure of either Party at any time to require performance of any provision of this Agreement shall not limit such Party's right to enforce such provision, nor shall any waiver of any breach of any provision of this Agreement constitute a waiver of any succeeding breach of such provision or a waiver of such provision itself.
- 8. Severability. If any term or provision of this Agreement or the application thereof to any person, entity or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such term or provision to persons, entities or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 9. Governing Law. The laws of the State of Washington shall govern any disputes arising under this Agreement.
- 10. Venue. Any disputes shall be adjudicated in the Superior Court for Whatcom County, Washington, unless otherwise agreed.
- 11. Run With Land Binding on Heirs, Successors, and Assigns. This Agreement shall run with the land and will be binding upon the heirs, successors, and assigns of each Party, for so long as this Agreement remains in effect.
- 12. Entire Agreement. This Agreement constitutes the entire agreement between the District and the Property Owner as to the matters contained herein. No oral or written statements made by either Party prior to or following entry of this Agreement shall be considered a part of

| this Agreement unless expressly incorporated he modified in writing only, upon mutual agreement of | |
|--|----------------|
| DATED this day of, 200 | |
| BIRCH BAY WATER & SEWER DISTRICT | |
| | |
| BY:
ITS: | PROPERTY OWNER |
| | PROPERTY OWNER |

| State of Washington) | |
|---|--|
| Ounty of Whatcom) | |
| oath stated that (he/she) was authorized to of Birch Bay Wat | is the person acknowledged that (he/she) signed this instrument, on execute the instrument and acknowledged it as the er and Sewer District to be the free and voluntary act |
| of such party for the uses and purposes men | tioned in the instrument. |
| Dated: | |
| ac ac | Print Name: Notary Public in and for the state of Washington. My appointment expires: |
| State of Washington) | |
|) § County of Whatcom) | |
| I certify that I know or have satisfactory of who appeared before me, and said person acknowledged it to be (his/her) free and voluments. | evidence that is the person cknowledged that (he/she) signed this instrument and untary act for the uses and purposes mentioned in the |
| Dated: | |
| | Print Name: Notary Public in and for the state of Washington. My appointment expires: |

| State of Washington) | |
|-----------------------|---|
|) § | |
| County of Whatcom) | |
| = = | ory evidence that is the person on acknowledged that (he/she) signed this instrument and d voluntary act for the uses and purposes mentioned in the |
| Dated: | |
| | Print Name: |
| | Notary Public in and for the state of Washington. My appointment expires: |