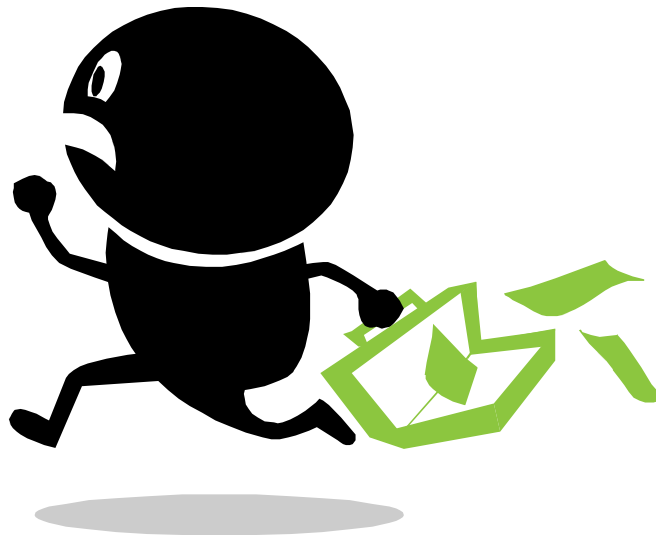


HH Residents and Sequim Sewer Rates



Issue

The City of Sequim has been overcharging many HH Residents for sewer since 1999

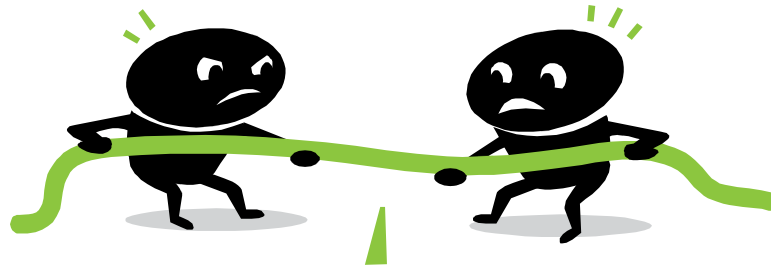


Background

- ❖ 1992 HH sewer system transferred to City at a fixed rate of 1.5 times City residents monthly cost
- ❖ 1999 City adopted two-tier sewer rates based on 6 mo winter water consumption average (Nov – Apr)
 - lower rate for **less** than 801 ft³ per 6 mo avg
 - higher rate for **over** 801 ft³ per 6 mo avg
- ❖ City charged all HH residents 1.5 times the higher tier without confirming actual water usage

Background (cont)

- ❖ 2009 Jim Eaton notified the HHMC Board of this issue
- ❖ The Board authorized the President to send a demand letter to the City
 - documented the City actions were unlawful
 - Statute of limitations limits claim to 6 years
 - Since 2003 residents had been overcharged perhaps as much as \$120,000
- ❖ City Attorney (Ritchie) and HHMC President (Smaltz) reached a compromise agreement after lengthy negotiations



Discussion

❖ Facilitating Settlement Agreement

(between HHMC and the City)

- Summarizes the facts
- HHMC can not sue the City over sewer issue
- Claim Compromise Agreement enables residents to settle claim for overpayment from Aug 2007 to June 2010 and adjust future rates starting July 2010
- Does not affect residents not submitting claim

Discussion (cont)

❖ Claims Compromise Agreement (CCA) with Ratepayer
(between the Owner and the City)

➤ Commencing July 2010

- 1) refunds for last 5 months of 2007 @ \$8.75/mo
- 2) for 12 months of 2008 @ \$9.18/mo
- 3) for 12 months of 2009 @ \$10.56/mo
- 4) for months in 2010 @ \$12.15/mo

➤ Total refund divided by 24 and paid in form of discounts over 24 months starting Aug 2010

Discussion (cont)

- To receive adjustment resident must:
 - 1) Submit Compromise Claim Agreement
 - 2) Submit Sewer Rate Tier Adjustment Request
 - 3) Provide PUD water use documents for the period
- If City rates change, HH resident will pay 1.5 times the equivalent use by City residents
- To **retain lower tier rate**, resident must submit the Sewer Rate Tier Adjustment form by 30 June of each year



HHMC Resident's Options, If Overcharged

Consult lawyer for legal guidance

- ❖ Accept Claims Compromise Agreement; or
- ❖ Institute Legal Proceedings; or
- ❖ Do nothing and continue to be overcharged