

**HMC MANAGEMENT
HERRON ISLAND WATER DEPARTMENT
ADMINISTRATIVE AND OPERATING RULES**

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I. INTRODUCTION

The following Administrative and Operating Rules (the “Rules”) are applicable to all Members receiving water from the HMC Management Water System ID#32550 hereinafter known as the Herron Island Water System. The Rules are developed to meet applicable regulations, provide standardization of service, inform the Members of their rights and limitations, identify fees, rates, charges, identify prohibited activities and, most of all, to ensure a safe and reliable source of water.

II. DEFINITIONS

Note: Unless otherwise defined, terms used in these Rules have the same definitions as those contained in WAC 246-290-010 of the Washington State Drinking Water Regulations and the amended and restated Bylaws of HMC Management F/K/A Herron Maintenance Co. (2005) as may be amended from time to time.

Assessment. Means all sums chargeable by the Association against an Assessable Unit, including without limitation regular and special assessments, fines imposed by the Association, interest and late charges on any delinquent account, costs of collection, including reasonable attorney’s fees, incurred by the Association in connection with the collection of a delinquent Owner’s account, costs, including reasonable attorney’s fees, incurred in connection with the enforcement of the Governing Documents, Users Fees, and all other sums payable by an Owner to the Association pursuant to the Governing Documents, unless the context clearly indicates otherwise.

Assessable Unit. Means a contiguous parcel of real property all of which is held in the same ownership, comprised of one or more Lots which touch each other at one or more common points, and containing not more than one water connection; provided that an Assessable Unit may contain a non-contiguous Lot which is separated from the Contiguous parcel if that non-contiguous Lot is held in the same ownership as the contiguous parcel and is used for a septic drain field for the Home on the Assessable Unit.

Auxiliary Water Supply. Any water supply other than from the Water System.

Backflow Prevention Assembly-Approved. An assembly that has been listed by the Washington State Department of Health, Drinking Water Program, and so shown on its current listing of approved backflow prevention assemblies.

Board. Members of the HMC Management Board of Directors, or its designated representative(s) or assignee(s). (i.e. Island Manager).

Capital Cost. The costs associated with the construction and installation of the new water distribution system in 2012/2013, a portion of which is required to be repaid under an established loan secured between HMC and the USDA.

Connection. A water service connection that has a tie to the Herron Island Water System which includes the tap in the main, corporation stop, type saddle, lateral line, meter setter, meter and meter box.

Denial of Service. A water connection locked by HMC:

Department. The Herron Island Water Department, which is established as an *administrative function* of HMC and which operates under the control and supervision of HMC.

Equivalent Residential Unit (ERU). The amount of water the average residential home uses in a year: usually stated as a monthly average in metered systems.

HMC. HMC Management, a Washington State not-for-profit homeowners association, which owns and operates the Herron Island Water System.

Member. An Owner of a lot or lots that make up an HMC Assessable Unit.

Property. A piece of land, lots or real estate.

Service Charge. The monthly service charge, often referred to as a “*Base Rate*” or “*Base Fee*,” is incurred by each Member per billing period regardless of the amount of water used.

Water System. All parts of the Herron Island Water System that acquires and supplies water to Members, including wells, pumps, components and equipment, storage facilities, piping and all appurtenances, structures, treatment facilities, necessary vehicles, meters, and equipment and anything required to meet current regulations and standards of operation.

III. ADMINISTRATIVE AND OPERATING RULES

A. Purpose.

The purpose of these Rules is to set forth uniform requirements and guidelines that apply to the administration and operation of the Department and the Water System.

B. Administration.

Except as otherwise noted, the Board, or its designees, shall administer, implement, and enforce the provisions of these Rules. Appeals of administrative decisions may be made to the Board.

C. Authority.

The Revised Code of Washington (“RCW”) and the Washington Administrative Code (“WAC”), most notably WAC 246-290 (Group A Water Systems), allow enforcement and implementation of these Rules to provide reliable water service and ensure delivery of safe drinking water on Herron Island.

D. Duty to Serve - Connection Allowed

a. A Property may connect to the Water System so long as it is owned by one or more HMC Members who are not delinquent in the payment of Assessments of any kind.

b. Any new Assessable Unit is required to have at least one Connection servicing that Assessable Unit within 90 days as required in the Financial Policy (Section V.4.). If an Assessable Unit is sub-divided in the future and a new assessable unit is created, the property Owner is required to apply for a connection to that Lot.

E. Availability Letters.

A completed “Availability of Water Service” letter may be obtained from the Island Manager.

F. New Service Connections.

The installation of all new service Connections must be coordinated through the Island Manager and must be installed by an HMC approved contractor. Failure to comply will result in denial of service.

a. The costs for construction of service Connections shall be paid by the Member.

b. As a condition of service, all service lines shall have the water meter located immediately adjacent to the property line within the road right-of-way or on Herron Island property when physically possible.

c. Members shall grant appropriate utility easements to HMC for those water system components under the responsibility of HMC for operations and maintenance.

d. The ownership of all service Connections up to and including water meters, shut-off valves and water meter boxes, shall be vested solely with HMC. For the safety of the meter set and the water system, splicing, cutting or interrupting the service line within 24 inches of the meter box in any manner is prohibited. The ownership of the Water lines beyond the 24 inch area around the meter, including back-flow assembly, if installed, shall be vested in the Member and the operation, maintenance, repair and expansion shall be the Member’s responsibility. Members shall maintain individual service lines in such a manner as to prevent water loss or contamination hazards.

e. No service line Connection may be made to the meter until that meter has been approved by the Department or the Island Manager. The Department must document the meter ID numbers with the Member and HMC Office, so the readout will be compatible to the current billing system.

G. Rates, Charges and Fees

Charges and fees to connect to the Water System and monthly service and use rates are as follows:

a. **New Connection Fees.** The water connection fee for lots without an established Connection includes the 2012/13 Capital Cost Special Assessment and the new Connection fee rate as established in the current HMC Fee Schedule.

b. **Water Fees for Lots Sold with a Connection.** If a Lot containing a connection is sold, the obligation to participate and pay water rates and continue 2012/13 Capital Cost Special Assessment payments, if applicable, stays with the property and passes to the new Member. This obligation is independent of whether the Lot becomes part of an existing HMC Assessable Unit or remains a separate HMC Assessable Unit.

c. **Cross Connection Administration Fee.** Members with Properties having backflow assemblies shall send the annual certification record of proper working backflow assemblies to the HMC Office. If annual certification record is not received by HMC within 30 days of due date, the Owner will be assessed a fee to recover administrative costs associated with notification of required testing and maintenance of records. Fee is listed on current HMC Fee Schedule.

d. **Reestablish Connection Charge.** A charge, as listed on the current HMC Fee Schedule, shall be made to reestablish water service during the normal workday, if the service was denied due to nonpayment or inactive status.

e. **Service Charges.** An "Interim Flat Rate" monthly service charge for active and inactive connections shall be charged until water usage data is documented. Operational billing per connection will become effective with the establishment of HMC tiered water rate structure. There shall be two classes of water billing as described below:

Active Connections:

*2012/2013 Capital Cost Special Assessment;
Base Fee and Reserve Fee; and
Metered Water Consumption Charges

Inactive Connections:

*2012/2013 Capital Cost Special Assessment;
Base Fee and Reserve Fee

**Note: 92 Members prepaid the 2012/2013 Capital Cost Special Assessment therefore they are not billed for this.*

f. The base fee, reserve fee, and the consumption rates may be adjusted annually with normal budget planning and implementation.

H. Payment for Water Services – Responsibility – Leaks - Due Date - Nonpayment Penalties - Administrative Penalties.

The Member is responsible for all water charges, fees and penalties.

a. Members will be billed quarterly, unless an alternate form of billing has been authorized by the Board.

b. Bills will become late 30 days after the due date and delinquent 60 days from due date. Delinquent accounts are handled in accordance with HMC Delinquency Policy.

Penalties will be assessed (per occurrence) for the following violations:

- Unauthorized re-connection of water services by any party when there has been a denial of service due to payment delinquency. (First occurrence - \$50. Further violations - \$100 and meter will be locked.)

- Willful destruction or vandalism of any part of the Water System up to and including removal of locks, graffiti, meter damage, etc. Theft of water by any means. These are criminal offenses under County and State law. (\$125 plus cost of repairs and/or equipment replacement.)
- Outdoor watering of real or personal property (such as boats) during published prohibited times. (Verbal and written warnings for first and second offense. - \$50 for each occurrence thereafter.)
- Interfering with lawful duties of HMC or Water Department staff including harassment, threats, denying access to meters with vehicles or debris. Threats and intimidation will be forwarded to the appropriate law enforcement agency for prosecution. (\$50 if unacceptable behavior is repeated.)

Each of these violations is subject to additional a \$50 fine if Member fails to pay assessed penalties within 30 days of receipt. Administrative penalties will be added to any HMC Board findings or decisions and will trigger denial of service for non-payment.

I. Emergency Action - Notice of Violation - Right to Appeal.

a. **Emergency Requiring Immediate Action.** Whenever HMC finds that an emergency exists which requires immediate action to protect the public health and welfare, HMC may, without notice, issue an order reciting the existence of such emergency and requiring that action be taken as necessary to meet the emergency and protect the public health, including the termination of water service.

b. **Notice of Violation.** Whenever HMC determines there are reasonable grounds to believe that a violation of any of these Rules has occurred, HMC shall give notice to the alleged violation to the Member in question. Such notice shall (1) be in writing, (2) include a statement of the reason for its issuance, (3) allow a reasonable time for the performance of any act it requires, (4) be served upon the Member, provided that such order is deemed to have been properly served upon such individual when sent by first class mail with delivery confirmation to his last known address.

c. **Right to Appeal.** A Member to whom a penalty or other administrative action has been issued or directed has the right to appeal to the Board by submitting a written notice of such request within **ten calendar days before** the next scheduled Board Meeting. (Request for Appeal received less than 10 day before the next Board Meeting will be scheduled for the subsequent Board Meeting agenda.)

J. Water Conservation Plan

The Herron Island Water System has the responsibility to develop and implement a water conservation plan under several Washington State rules, but principally under RCW 70.119A.180 (*Water Use Efficiency Requirements*) and WAC 246-290-Part 8 (*Group A Public Water Systems, Water Use Efficiency*).

Plan Objectives: The objectives of this Conservation Plan are to describe the rules and procedures to ensure water use efficiency. In doing so, the plan will:

- Meet regulatory requirements
- Protect public health
- Save operating and maintenance costs
- Educate our customers on the value of our water
- Ensure our water is not wasted

K. Damage to Water System - Unlawful Acts.

Violations of provisions in this Section shall be cause for immediate discontinuance of water service and may lead to action in a civil or criminal court.

a. It is prohibited by any person to willfully or recklessly disturb, break, deface or damage any fire hydrant, water meter, valve, water pipe, or any appurtenances, together with the buildings, grounds and improvements thereon or in any manner interfere with the proper operation of the water system.

b. It is prohibited for any person to prevent, by any means, the direct and unannounced access for the purposes of repair, reading, and inspection of any water meter, fire hydrant or any part of the HMC.

c. It is prohibited for any un-authorized person to open or tamper with in any way, fire hydrants.

L. Access to Property for Inspection - Procedures.

As a condition of service, Members serviced by the Herron Island Water System agree to allow entry by HMC or its designees, upon request and at a reasonable time, to discuss, evaluate and/or address possible hazards to public health and inspect or perform any duty to ensure compliance with provisions of these operating Rules.

a. HMC shall make a reasonable effort to contact the Member to request entry.

b. HMC shall employ every remedy provided by law to secure entry and may terminate water service pending evaluation of the issue.

M. Interruption of Service - Notification Procedures.

Reasonable attempts to notify all Members affected by interruptions of water service shall be made and such interruptions shall be kept to a minimum.

a. Water service may be interrupted without notification to make emergency repairs, to protect the public health, or for safety considerations.

b. Interruptions for routine maintenance or repairs, line extensions or service connections shall be scheduled to provide a minimum of one working days' notice to all affected property and at such time to minimize inconvenience to Members.

c. If a water billing is at least ninety days delinquent, notice of pending interruption of water service shall be mailed to the Member and posted at the property. Seven days after notification by first class mail with delivery confirmation. Service may be denied. (WAC 480-110-355 Discontinuing of Service).

N. Cross Connection and Backflow Prevention. See HMC Management Water System Cross Connection Control Program located in the DOH approved 2009 HMC Management Water System Plan.

No cross-connections or potential cross-connections shall be created, used, or maintained within the Herron Island Water System unless protected by an approved backflow assembly commensurate with the hazard.

O. Refusal of Service.

As provided by WAC 480-110-345 and/or HMC policies, HMC may refuse or discontinue service to an applicant or Member when

- The Member has not complied with state, county or municipal codes or regulations concerning the approved design or use of the facilities;
- The applicant or Member's installation of piping or equipment is hazardous, or of such design that satisfactory service cannot be provided;
- The applicant or Member has not installed on its premises required protective devices necessary to protect HMC's property or that of its other Members (e.g., cross connection control devices).

P. **Discontinuing of Service.**

Water service may be discontinued either by Member direction or by HMC action.

1. **Member-directed.**

Members wanting to discontinue service must notify HMC in writing. The Member will continue to be responsible for water service payments until title to the property changes hands. In that case, the former Member will continue to be liable for bills prior to the change in title to the property.

2. **HMC Directed.**

After properly notifying the Member, as provided below, HMC may discontinue water service to Members for:

- a. Unpaid bills, at the time delinquencies are referred for collection according to HMC Delinquency Policy;
 - b. Water use for purposes or properties other than those specified in the Articles of Incorporation (as amended 2010);
 - c. Willful waste of water through improper or defective piping, equipment, or otherwise;
 - d. Piping or equipment that does not meet HMC's standards or fails to comply with other applicable codes and regulations;
 - e. Tampering with HMC water system;
 - f. Vacating the premises;
 - g. Nonpayment of any proper charges, including deposits, as provided in the HMC fee schedule;
 - h. Refusing to allow access as required in WAC 480-110-305 (access to premises);
 - i. Violating rules or service agreements, including violation of outdoor watering instruction given to Members in order to curtail water use during time of shortage;
 - j. Use of equipment that detrimentally affects HMC's ability to service other Members.
3. **Service obtained by fraud** – No notice required before termination. HMC may terminate service without notice when it discovers that a Member has obtained service fraudulently. Examples include: when service is connected without HMC's knowledge, when service is obtained by fraudulent means or representation, or when service is used to provide service to other persons who are required to obtain their own service.
- a. First offense – HMC may disconnect service immediately and without prior notice when it discovers fraud, unless the Member immediately pays:
 - i. The cost of any service that was taken fraudulently, plus
 - ii. All HMC costs resulting from the fraudulent use and all applicable fees; plus
 - iii. Any applicable required deposit.
 - b. Second offense: HMC may disconnect service immediately and without prior notice when it discovers further fraud. HMC may refuse to reconnect service to a Member who has been disconnected for further fraud.

Q. **Medical Emergencies.**

When HMC has cause to disconnect or has disconnected a residential service, it must postpone disconnection of service or must reinstate service for a grace period of seven (7) calendar days after receiving either verbal or written notification from the member of the existence of a medical emergency. In cases of actual emergencies, when service is reinstated, payment of a reconnection charge and/or deposit shall not be required prior to reinstatement of service.

HMC may require, within seven (7) calendar days, that the Member submit written certification from a

qualified medical professional stating that the disconnection of water service would significantly endanger the physical health of a resident of the household. The written certification should be signed by a licensed physician, and include the residence location, along with an explanation of how the physical health of the person will be endangered by disconnection of service; how long the condition is expected to last, and the title, signature and telephone number of the person certifying the condition. The medical certification must be renewed after six months to remain valid.

A medical emergency does not excuse a Member from paying delinquent and ongoing charges.

R. Required Notice Prior to Disconnection.

HMC must notify Members before disconnecting their service except in case of danger to life or property, fraudulent use, impairment of service, or violation of law. In all other cases, HMC cannot disconnect service until it has met the following requirements:

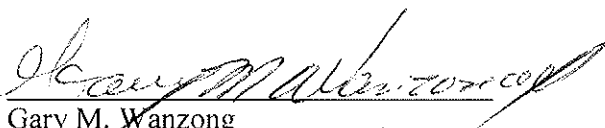
1. HMC must serve a written disconnection notice on the Member, by mail or, at HMC's option, by personal delivery of the notice to the Member's address, attached to the primary door. Each notice must include:
 - a. A disconnect date that is no fewer than eight business days after the date of personal delivery or mailing;
 - b. All pertinent information about the reason or the disconnection notice and how to correct the problem; and
 - c. HMC name, address, email and phone number by which a Member may contact HMC to discuss the pending disconnection of service.
2. In addition to (a) of this subsection, a second notice must be provided by one of the two options listed below:
 - a. **Delivered notice.** HMC must deliver a second notice to the Member and attach it to the Member's primary door. Notice must contain deadline for compliance that is no fewer than twenty four hours after the time of delivery that allows the Member until 5 p.m. of the following day to comply; or
 - b. **Mailed notice.** HMC must mail a second notice, which must include a deadline for compliance that is no fewer than three business days after the date of mailing.
3. Disconnection notices must:
 - a. Include detailed information pertinent to the situation; and
 - b. Include HMC's name, address, email and telephone number by which the Member may contact HMC to discuss the pending disconnection of service; and
 - c. Expire after ten business days from the first day that HMC may disconnect service, unless other mutually agreed upon arrangements have been made and confirmed in writing by HMC. If mutually accepted arrangements are not kept, HMC may disconnect service without further notice.
4. Except in case of danger to life or property, HMC may not disconnect service on any day on which HMC cannot reestablish service on the same or following day.
5. An HMC employee dispatched to disconnect service must accept payment of a delinquent account at the service address if tendered in cash, but is not required to give change for cash tendered in excess of the amount due and owing. HMC must credit any excess payment to the Member's account. When disconnection does not take place due to payment made by the Member, HMC may assess a fee for the disconnection visit to the service address as provided in the HMC fee schedule. The disconnection

notice must describe the disconnection visit charge, the amount, and the circumstances under which the charge will be made.

6. When HMC has reasonable grounds to believe service is to other than the Member of record, HMC must undertake reasonable efforts to inform occupants of the service address of the impending disconnection. Upon request of one or more service users, where service is to other than the Member of record, a minimum period of five business days must be allowed to permit the service users to arrange for continued service.
7. Service may not be disconnected while the Member is pursuing any remedy or appeal provided by these rules or while engaged in discussions with HMC's representatives or with the commission. However, any amounts not in dispute must be paid when due and any conditions posing a danger to health, safety, or property must be corrected.
8. Reconnecting water service after disconnection. HMC must restore disconnected service when the Member has paid, or HMC has agreed to bill, any reconnection charge and:
 - a. (a) The causes of disconnection are removed; or
 - b. (b) The Member pays all proper charges; or
 - c. (c) The Member pays any applicable deposit as provided for in HMC fee schedule in accordance with WAC 480-110-335 (Establishing credit and deposits).

These rules have been adopted by the Board of Directors of HMC Management and are effective June 14, 2014. These rules supersede all other rules on the subjects discussed here, with the exception of the Herron Island Rules.

Approved:
HMC Management


Gary M. Wanzong
President, Board of Directors

Date: June 14, 2014