

COLE POINT ASSOCIATION

WATER SERVICE

STANDARD RULES

Approved by the Board: March 15 2026

Signature Page

## WATER SERVICE STANDARD RULES

### Rule 1 - Schedules and Conditions.

The schedules and conditions set forth below are subject to change. The amount of water to be furnished shall be subject to the capacity available from existing well(s) or other sources of supply of the Cole Point Association ("Association"),

### Rule 2 - Supply and Use of Service.

Service will be supplied only under and pursuant to these rules and any modifications or additions thereto lawfully made, and under such applicable rate schedule(s) as may from time to time be lawfully fixed. Service will be supplied only to those members authorized to connect to the Association's water system, in writing. Water service shall be used only for the purpose specified in the applicable rate schedule(s). A member shall not sell, or permit others to use such service, except when expressly authorized to do so under with written prior approval of the Association.

### Rule 3 - Application and Agreement for Service.

Each prospective member desiring water service will be required to sign the Association's standard form of application before such service is supplied to their property and shall be referred to as the member.

An application for service shall be deemed to be a notice that the prospective member desires water service from the Association and represents their agreement to comply with the Association's Bylaws, Rules and Regulations on file and in effect at the time water service is furnished and as may be amended from time to time. In the absence of a signed application for water service, the delivery of water and taking thereof by the member shall be deemed to constitute an agreement by and between the Association and the member for the delivery and acceptance of service under the applicable rate schedule(s) and pursuant to the Association's bylaws, Rules and Regulations as they may be amended from time to time.

### Rule 4 - Change of Use.

The member will not increase the member's demand or use of service as stated in the application for service without written permission of the Association. In the event of such increase, the member will be required to pay the Association's regularly published rates for such increased service and demand from the date of connection and use of the same.

Whenever the member desires to discontinue the use of water for any special purpose or through any fixtures mentioned in the original application, the fixture is to be removed and the standpipe or service supplying the same is to be capped or plugged, and the member shall notify the Association in writing before any reduction in charge will be made. No previously paid charges shall be refunded

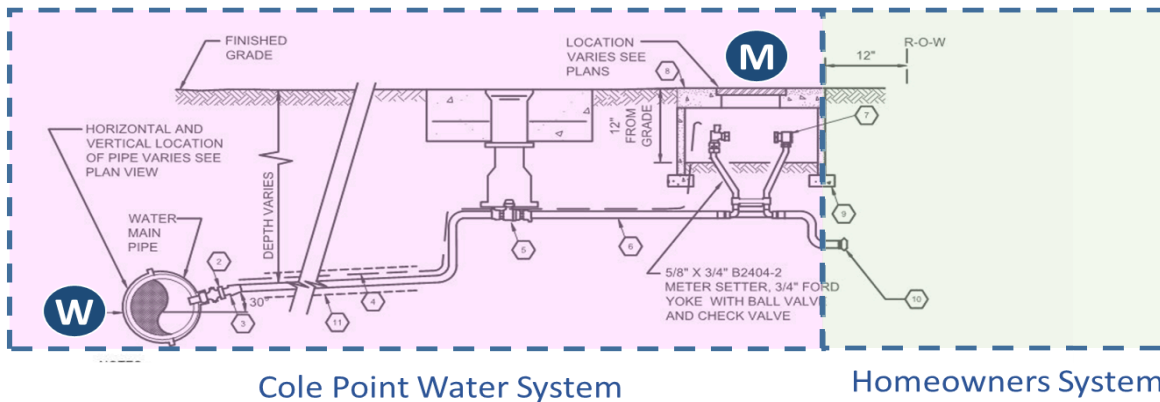
### Rule 5 - Reconnection Charge.

A reconnection charge shall be made for any subsequent reconnection of the member's service to the Association's distribution system. Such charge is to apply only in cases where service has been discontinued due to a delinquent account, request of the member, refusal to make proper repairs or similar cause. A meter must be in place to disconnect water. All costs for meters will be paid by the member. No charge will be made for reconnection of service if the shut-off was made for the convenience of the Association in making repairs, changes, etc.

When an Association employee or agent is dispatched to disconnect service, that person shall be required to accept payment of the delinquent account at the service address if tendered in cash but shall not be required to dispense change for cash tendered in excess of the amount due and owing. Any excess payment shall be credited to the member's account.

**Rule 6 - Responsibility for the Maintenance of Services.**

The Association is responsible for the maintenance, repair, and replacement of water source, storage, transmission mains and distribution facilities, up to and including each water meter; however, the Association is not responsible for interruptions in service due to repairs, maintenance, problems with wells, accidents and acts of God. Members are solely responsibility for water pressure, flow and alternations in quality after water passes through a water meter and are responsible for the repair and maintenance of the **private service line** extending from the output side of a meter to the building or home including all internal plumbing and fixtures. The Association will not be liable for loss or damage caused by leakage or escape of water after having passed through a water meter.



- W** WATER DISTRIBUTION LINE
- M** WATER METER
- COLE POINT ASSOCIATION**
- HOMEOWNER'S PROPERTY**



**Service Connection Detail**

**Rule 7 - Access to Premises.**

The Association's authorized agents and employees shall have access to the premises of the member for the purpose of meter reading, inspection, connection, disconnection, repair, or removal of the Association's property and equipment.

**Rule 8 - Interruption to Service.**

The Association will make a diligent effort to render uninterrupted service and supply of water and, in cases where shut-off is necessary for repair, reconstruction, damage prevention or similar cause, the Association shall give advance notice to its members of such scheduled shut-off. However, the

Association will not be responsible for any damage which may result from any cessation of service such as above outlined, nor for failure to give notice of shut-off when circumstances are such that it is not reasonably feasible to give notice.

#### Rule 9 - Payment of Bills.

All bills are due and payable at the end of the month. All bills shall be deemed delinquent if not paid by the end of the month. A Late Fee will be assessed to a delinquent account for each month of delinquency. The Late Fee amount is listed on the Fee Schedule.

A delinquent notice will be sent 15 days after delinquency notifying that service will be disconnected 15 days after date of the delinquency notice.

A member may also be liable for all attorney, court and collection fees in the collection of outstanding bills and assessments.

#### Rule 10 - Damage to Equipment.

The member shall be responsible for any damage to Association equipment or property as a result of member's negligent, reckless, or willful conduct.

#### Rule 11 - Discontinuance of Service.

The Association reserves the right to discontinue a member's service if the member:

- A Fails to maintain the connections, service pipes, or fixtures in good order.
- B Damages any service pipe, meter, curb, corporate stop, valve, seal, or other property of facilities or the Association.
- C Vacates the premises.
- D Willfully wastes water through improper or imperfect pipes, fixtures or otherwise.
- E Fails to make payments for water service or any other proper charges accruing under the applicable rate schedules, when due,
- F Refuses to permit an employee or agent of the Association to have reasonable access to the premises for the purpose of inspecting the facilities, or for testing, reading, maintaining, or removing meters.
- G Uses an unreasonable quantity of water that impacts the ability to provide adequate water to all members equitably or that impacts the reasonable conservation of water.
- H Makes fraudulent use of service.
- I Violates any of these Rules and Regulations.
- J Fails to make any payments pursuant to these Rules.

The right to discontinue service may be exercised whenever and as often as any of the foregoing situations shall occur, and neither delay nor omission on the part of the Association to enforce this rule at any one or more times shall be deemed a waiver of the right to enforce the same at any time, so long as the situation continues.

A minimum of eight working days written notice will be given the member before service is discontinued under this rule, except in the case of danger to life or property, then the Association may discontinue service immediately. Prior to disconnecting service, the Association will also attempt to contact the member in person, by a notice attached to the delinquent member's premises, by email, or by telephone. If telephone contact is elected, at least two attempts shall be made during regular business hours. If a business or message number is provided by the member, Cole Point Association will try to reach the member at that number. If unable to make contact through the residential number, a log of the attempts shall be kept by the Association showing the telephone number called and the time of the call. A member shall be provided a reasonable opportunity to contest a proposed disconnection to the Board of Directors or an Association officer or manager.

The Association will restore service when the cause of discontinuance has been removed and payment of all proper charges due from the member, including the reconnection charge set forth in this schedule, have been made.

#### **Rule 12 - Responsibility for Delinquent Accounts.**

The member is the sole responsible party for all water service to their property. Any account that is more than 60 days delinquent shall also be subject to lien to that property by the Association. By accepting service from the Association, the member agrees that a lien may be recorded against its property by the Association. The lien shall also include the costs and attorney fees incurred in recording said lien.

#### **Rule 13 - Assessment Payments.**

From time to time as and when any such assessments are levied, each member with respect to the land or interest therein shall pay the amount of such assessment against the same to the Association within 30 days, or as otherwise specified in the notice, after the mailing of the notice of such assessment; and the amount of such assessment, together with all expenses, attorney's fees and cost reasonably incurred enforcing the same, shall be paid by the member and shall be a lien upon said land and ownership appurtenant thereto, superior to all other liens created or permitted by the owner of such land and enforceable by foreclosure proceedings, provided that no proceeding for the foreclosure of any said liens in this shall commence except upon the expiration of 4 months from and after the date of mailing said notice of assessment.

First mortgage liens placed upon any of said lots which are recorded in accordance with the laws of the State of Washington shall be, from the date of the recordation of such, superior to such assessments and the liens resulting therefrom as are levied by the Association subsequent to the date of the recordation of the first mortgage.

#### **Rule 14 - Backflow Prevention Devices, Other Items.**

Devices such as approved backflow prevention assemblies, one way check valves, or other fixtures designed to improve the operation and/or safety of the system are required, inspected, and regulated by the Association. All landscaping, fire sprinkling systems, and fire protection systems, must have an approved backflow device installed.

- A. All approved backflow devices shall be tested annually by a Backflow Assembly Tester approved by the Association, with results provided to the Association.
- B. Those premises with approved backflow devices shall be assessed a fee to recover administrative costs associated with notification and tracking of required testing and maintenance of records.
- C. All member's connections shall be inspected annually to assess cross-connection hazards. From time to time, fees will be charged for this service at the Association's prevailing hourly rate.

#### **Rule 15 - Meters.**

Each connection will include a meter, the size of which shall be determined by the Association. The Association will use reasonable efforts to read meters once per month for the purpose of billing, leak detection and monitoring and assisting with determining well usage, as well as assisting in efforts to assess and maintain water conservation. The meters will be installed, owned, and maintained by the Association. The member will pay for the meter and the installation costs.

#### **Rule 16 - Rates.**

Rates for water service and supply shall be those published in the Association's Fee Schedule.

#### **Rule 17 - New Hookups and General Facilities Charges.**

- A. The Association will provide a Letter of Water Availability when a member requests in order to accompany a valid building permit application; and, provided that the State and County will permit the addition of the proposed hookup to the Association water system.
- B. A one-time general Association fee charge will be charged and paid to the Association prior to connection to the water system. This charge covers the Association's services for the processing of water service applications, plan review, road damage and repair, and any other costs incurred during normal single family water service connections, and to supplement reserve accounts.
- C. The general Association fee (see Fee Schedule) shall be reviewed as determined by the Association.
- D. Projects requiring more extensive plan review, engineering, or legal review, and/or "field inspection time", such as mainline extensions, private extensions for fire hydrants, extensions with multiple service connections, assemblies, the general facilities charge will be determined by the Association, but in all cases, will be greater than the residential general facilities charge.

#### **Rule 18 - Stand Pipes.**

All standpipes are for the use of the Association. Potential members must submit an application to the board and follow the new hookup connection process. Under no circumstances will any members be allowed to hook into a standpipe without written permission from the Association.

### Rule 19 - No Verbal Agreements.

No verbal agreements between any member and any manager, purveyor, board member, trustee, or officer of the Association will be honored. All agreements must be in writing and approved by the Association.

### Rule 20 - Arbitration, Venue and Costs.

In the event of a dispute between the Association and any member, the Laws of the State of Washington shall apply, and venue shall be in the Pierce County Superior Court in Tacoma, Washington. The prevailing party in any dispute shall be awarded, in addition to such other relief, attorney's fees and costs.

# Fee Schedule – Effective April 1, 2026

## Flat Rate Service

Water Infrastructure Maintenance Fee	\$35.00 (monthly usage fees below)
Loan Repayment Fee	\$35.00**
Long-term CIP Assessment Fee	\$35.00**
Letter of Availability	\$100.00
Water Transfer of Ownership Fee	\$200.00
Water Disconnect Fee	\$150.00*
Water Reconnect Fee	\$150.00*

\*Scheduled on regular maintenance days, if not, any additional costs will be charged to the member. Every effort will be made to schedule work when Northwest Water Systems is on site.

\*\*The loan repayment fee is for the NRWA \$200,000.00 Loan for our Long-term Capital Improvement Plan which was funded in March 2026. The Long-term Capital Improvement Plan Fee (CIP) is to fund an additional \$200,000.00 toward our water system. Those two fees will be paid monthly over the 10-year term of the loan unless the member chooses to pay one or both of these fees upfront and will not be paid monthly. **See Appendix A for the Board Approved CIP and fees.**

### Summer 2023 Water Pricing:

	Tier 1	Tier 2	Tier 3
Previously (before June 1, 2023)	0-600 csf \$3.45/100 csf	601 – 1600 csf \$4.45/100 csf	1601+ csf \$5.50/100 csf
Beginning June 1, 2023	0 – 600 csf \$3.50/100 csf	601 – 1000 csf \$7.00/100 csf	1,000 + csf \$14.00/100 csf \$500 fine

# Appendix A

## COLE POINT ASSOCIATION

### LONG-TERM

### CAPITAL IMPROVEMENT PLAN (CIP)

To ensure the long-term sustainability, reliability, and financial health of Cole Point Association, the Board of Directors has established this Long-Term Capital Improvement Plan (CIP) to help inform the community regarding specific policy documents and fiduciary obligation for the Cole Point Association “Shared Infrastructure” that it manages

The CIP is comprised of two categories which is consistent with the Association’s Charter and fiduciary obligations:

- Water System
- Roadway Infrastructure

The purpose of this document is to develop a funding plan to ensure that all projected elements and costs associated with our water system are laid out clearly and that all assumptions associated with the known probable construction costs and unknown contingencies are identified. As a living document, this plan will be reviewed and updated annually or as needed to accommodate not only what has been approved and constructed but will identify future improvements which the community plans for in future fiscal years.

The CIP financial summary is part of the Boards commitment to transparent planning and a document where all projected costs are shared fairly among participating parcels that make up this association (as this is a community owned and operated system).

#### **CIP System definitions:**

•**Water System - Shared Infrastructure:** The shared infrastructure (wells, pumps, distribution & meters) benefits all members by providing access to the water system and thereby increasing individual property values, regardless of developed or undeveloped. The complete shared infrastructure system since the beginning of assessments and all special assessments have been contributed for equitably among all participating parcels. Our current policy ensures that everyone contributes proportionally to the shared capital and maintenance costs (assuming they are in good standing and have no aging on their accounts), however undeveloped parcels are not benefiting from the system as they do not have the ability to obtain a Certificate of Water availability until Health Department approval of our system and therefore the benefits

from the system at this time are not equitable from the standpoint of water use. The goal is to correct this inequity with the completion of the water system.

- **Roadway System - Shared Infrastructure:** The shared infrastructure (Roadway, Drainage and Mailbox Station) benefits all members by providing access to the property driveways.

## Section 1. Water System – Capital Improvement Plan

This CIP is comprised of three categories for documentation and financial planning:

- **Completed Improvements:** These improvements are in place and have been approved by permitting agencies, as well as having an on-going Operation and Maintenance Plan. The O&M Plan is a separate document that is under development as the system is built out.
- **Active Improvements:** The active improvements are on-going activities that have been approved by the Board and funding allocation identified.
- **Future Improvements:** The future improvements are tasks that the Community and Board have identified as necessary, they will be listed, estimated and prioritized (including funding allocations).

## Water System Funding Summary:

### Water System Funding Summary:

#### COLE POINT ASSOCIATION - LONG TERM CAPITAL IMPROVEMENT FINANCIAL PLAN

Water Service Parcels **59**

<b>Completed Infrastructure:</b>		Estimated Costs (per SWP)	Estimates Per Parcel (from SWP)	Actual Costs	Actual Cost Per Parcel	
Water Main Lines	(Meter Stands & Valves)	\$ 1,185,000.00	\$ 20,084.75	\$ 306,000.00	\$ 5,186.44	
Small Water System Managemem Plan	Preliminary Engineering			\$ 27,000.00	\$ -	**Grant Funds**
Well No. 2	Installation & Pump	\$ -	\$ -	\$ 50,000.00	\$ 847.46	
<b>Total Cost =</b>		<b>\$ 1,185,000.00</b>	<b>\$ 20,084.75</b>	<b>\$ 383,000.00</b>	<b>\$ 6,033.90</b>	<b>Line A</b>

<b>Active Improvements:</b>		Estimated Costs (per SWP)	Estimates Per Parcel (from SWP)	Potential Quotes	Cost Per Parcel (Quotes)	
Storage Tank	Concrete or Steel	\$ 369,500.00	\$ 6,262.71	\$ 210,000.00	\$ 3,559.32	
Well No. 1	Rehabilitation & Pump			\$ 95,000.00	\$ 1,610.17	
Interconnect System	Connect Old & New Systems	\$ -		\$ 55,000.00	\$ 932.20	
Contingencies	10% (+/-)			\$ 40,000.00	\$ 677.97	
<b>Total Cost =</b>		<b>\$ 369,500.00</b>	<b>\$ 6,262.71</b>	<b>\$ 400,000.00</b>	<b>\$ 6,779.66</b>	<b>Line B</b>

<b>Future Improvements:</b>		Estimated Costs (per SWP)	Estimates Per Parcel (from SWP)	Potential Quotes	Cost Per Parcel (Quotes)	
Water Main Extension North	not needed	\$ 304,000.00	\$ 5,152.54	\$ -	\$ -	
Treatment & Booster System	Need final design	\$ 369,500.00	\$ 6,262.71	\$ 250,000.00	\$ 4,237.29	
<b>Total Cost =</b>		<b>\$ 673,500.00</b>	<b>\$ 11,415.25</b>	<b>\$ 250,000.00</b>	<b>\$ 4,237.29</b>	<b>Line C</b>

<b>Complete System Costs =</b>		Estimated Costs (per SWP)	Estimates Per Parcel (from SWP)	Actual Costs & Potential Quotes	Cost Per Parcel (Actual & Quotes)	
<b>Total</b>		<b>\$ 2,228,000.00</b>	<b>\$ 37,762.71</b>	<b>\$ 1,033,000.00</b>	<b>\$ 17,050.85</b>	<b>Line D</b>

## Action Items – Water System

- 1) **Completed Infrastructure Accounting Summary:** The Board is preparing a historical summary (audit) of participating parcel contributions towards the shared infrastructure of the water system elements paid to date. The evaluation will identify a summary of which each participating parcel has contributed and if any have over or underpaid. (Line “A” of the CIP Financial Plan)
- 2) **Funding Plan for Active Improvements:** Based on actual & preliminary quotes for the active improvements, the Board anticipates construction over the next 2-5 years are estimated at roughly \$400,000.00. (Line “B” of the CIP Financial Plan).

There was a lot of discussion regarding the plan to fund the improvements at our community meeting on January 31, 2026. Based on feedback from the community and the fact that the Association was successful in receiving the \$200,000.00 loan from the NRWA (which was unknown at the time of the community meeting), the path forward is now a reality.

Understanding that payment of these capital costs can impact each owner in different ways, the Board has developed a flexible funding plan that will allow individual parcel owners to choose a payment plan that fits their individual budgets. The following table outlines the three optional plans for the property owners.

**Active Improvements - Funding Summary**

	Total	Cost per Parcel	
Loan	\$ 200,000.00	\$ 3,389.83	<i>*plus interest (\$33k)</i>
Assessment	\$ 200,000.00	\$ 3,389.83	
<b>Total =</b>	<b>\$ 400,000.00</b>	<b>\$ 6,779.66</b>	<i>*based on 59 parcels</i>

**Payment Plan Option-1 (100% Up Front)**

	Cost	Cost/Month	Years	Amount	
Pay up front	\$ 6,779.66	\$ -	0	\$ 6,779.66	
				<b>Total Cost "Option-1" =</b>	<b>\$ 6,779.66</b> <i>*based on 59 parcels</i>

**Payment Plan Option-2 (50% Up Front, 50% Financed)**

	Cost	Cost/Month	Years	Amount	
Monthly		\$ 35.00	10.0	\$ 4,200.00	
Pay up front	\$ 3,389.83	\$ -	0	\$ 3,389.83	
				<b>Total Cost "Option-2" =</b>	<b>\$ 7,589.83</b> <i>*based on 59 parcels</i>

**Payment Plan Option-3 (100% Financed)**

	Cost	Cost/Month	Years	Amount	
Monthly		\$ 70.00	10	\$ 8,400.00	
				<b>Total Cost "Option-3" =</b>	<b>\$ 8,400.00</b> <i>*based on 59 parcels</i>

As of February 23, 2026, we received notification that the loan was approved and that allows us to move forward with the Active Improvement Plan that was presented at our last community meeting.

The Board is requesting that each parcel identify the payment plan (of the three options above) that works best for your individual needs. Whether you would like to pay upfront or finance over a 10-year period is up to you. We have developed three options to provide flexibility for everyone. However, once you select the option it cannot be changed. The payment options above provide the total due and the number of years

of the term and monthly payment for the financing. Note: Individuals that pay up front do not incur interest costs.

**3) Future Improvements Planning:** Our goal with this action item is to figure out the actual infrastructure needed to complete the system (for example what type of treatment system is needed). Having a complete list of required items allow us to determine and refine the estimated costs for those improvements which will update the potential costs. (Line “C” of the CIP Financial Plan)

**4) Complete System Costs:** This action item literally helps answers the Million Dollar question...How much is this system going to cost each of us. As can be seen by Line “D” of the CIP Financial Plan, The Small Water System Management Plan estimated that the system would cost roughly \$2,230,00.00 (which would be roughly \$38k contribution by each participating parcel). Since we began the design and complete portions of the system the estimated costs become actual, and the contingencies go away. Based on current performance the actual system costs have come down significantly, and the table is updated to show the cost per parcel has been reduced from \$37k to \$18k (almost a 50-percent reduction in capital costs).

**5) Operation and Maintenance (O&M) Plan:** This item has been identified, however, to date this is an ongoing activity and the O&M plan has not been drafted.

## Addendum

To maintain a sustainable, equitable, self-supporting water system, the Board established and sent out a three-option funding model for the Long-term Capital Improvement Plan (CIP). This addendum to the plan is to explain the cost recovery Inflation/Time-Value adjustment used for the 10-year monthly payment portions in the Plan.

- **In Options 2 & 3:** Members choosing to pay via installments will pay interest on the loan portion *and* the assessment portions of the Capital Improvement Plan because the plans are using the collective capital reserves of the Association. Because construction costs (materials, labor, pipe) rise over time, the deferred payments are adjusted to ensure they

retain the same *purchasing power* as a lump-sum payment today. This adjustment is set equal to the interest rate (3.125%) of the 10-year loan portion of the project. This ensures that the total cost of the project to the Association remains consistent regardless of whether a member pays upfront or over time, maintaining equity among all members.

### Examples.

- **Option 1: Pay All Upfront.** You pay for the Long-term Capital Improvement Plan (CIP) upfront for \$6779.66 at today's prices with no interest because your payment goes to work immediately. If there were no adjustments made for options paying over time, members paying upfront (Option 1) would be subsidizing those who pay later (Options 2 & 3).
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- **Option 2: Half up Front, Half in Monthly Payments.** You pay the Loan portion of the CIP upfront for \$3389.33 with no interest because this half of your payment goes to work immediately. You will pay a "time-value/inflation adjustment" of 3.125% over 10 years at \$35.00 per month for the total monthly payment cost of \$4200.00 for the assessment portion of the CIP, which is the same adjustment as the interest on the loan. This compensates for the fact that the money is being paid later, when it is worth less due to rising costs. Without this 3.125% annual adjustment, half of the \$200,000 project might actually cost \$250,000 in 10 years, leaving the Association with a \$50,000 deficit.
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- **Option 3: Loan and Assessment portions paid in monthly instalments over 10 years.** You pay 3.125% APR interest for the monthly payment costs (\$35.00) of the loan portion of the CIP at a total cost of \$4200.00 including loan interest. You will also pay a "time-value/inflation adjustment" of 3.125 over 10 years at \$35.00 per month for the total monthly payment cost of \$4200.00 for the assessment portion of the CIP, which is the same adjustment as the interest on the loan. This compensates for the fact that the money is being paid later, when it is worth less due to rising costs. Without this 3.125% annual adjustment to the assessment, the \$400,000 project might actually cost \$500,000 in 10 years, leaving the utility with a \$100,000 deficit."

**Note: A motion was approved by the Cole Point Association Board of Directors to approve revisions in version 3/15/2026 including the Long-term Capital Appovement Plan, fees, and addendum as stated in the March 15, 2026 meeting minutes.**