

City of University Place Sewer Service Strategy Capital Facilities Charge Proposal

City Council Public Hearing
July 11, 2005

Tonight's meeting

- **UP Capital Facilities Charge Proposal**
 - **Resolution to Pierce County Council**
 - **25% or \$5.54/month capital facilities charge (CFC)**
 - **Mandatory Connection Ordinance**

- **Public Comment**

- **City Council:**
 - **Q&A**
 - **Discussion**
 - **Consideration**

Next Steps (Aug-Dec 2005)

- **Pierce County Council Consideration (Aug-Oct)**
- **Development of UP Sewer CIP (Aug-Dec)**
 - **Interlocal Agreement**
 - **Needs Assessment & Project Prioritization**
 - **Economic Benefit Feasibility Analysis**
 - **Cost Allocation Analysis**

What are the reasons for extending sewers in UP?

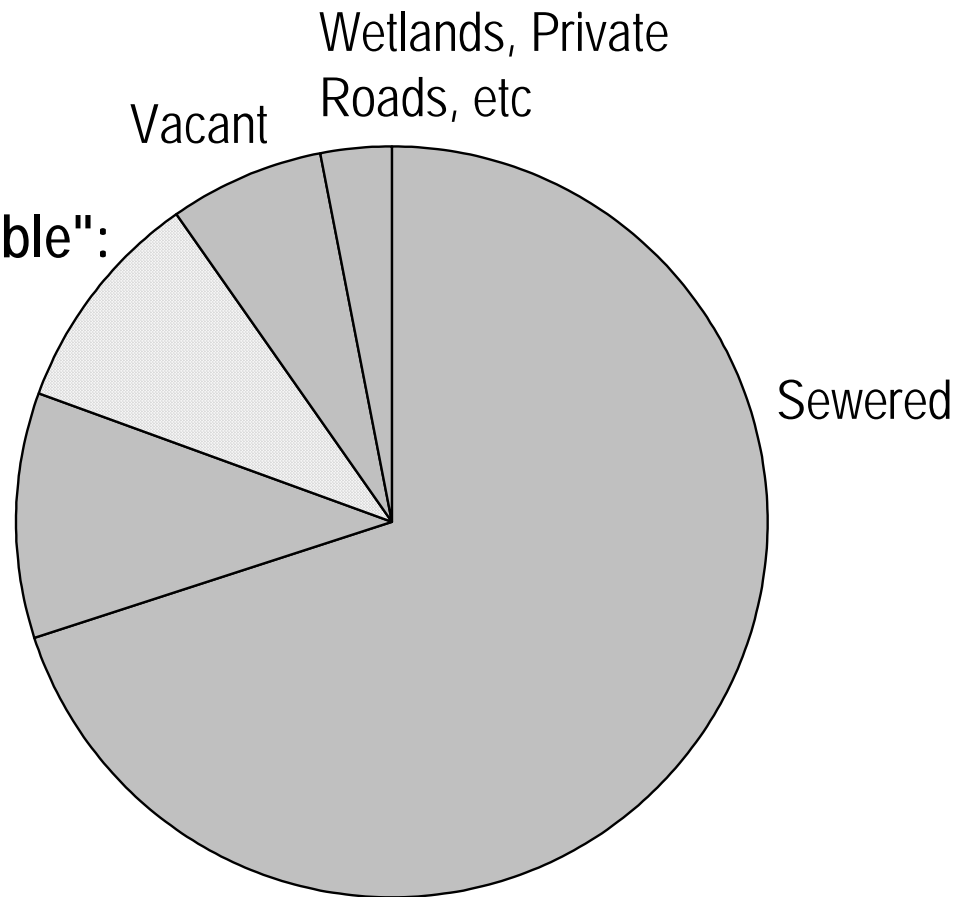
- **Implementation of Comprehensive Plan**
- **Concern over the future potential for failing septic systems**
- **Current policies result in occasional large financial impacts to a residents with failing septics**
- **Lack of sewers may be inhibiting economic development and redevelopment in some areas of UP**
- **Some requests from community regarding sewer extensions (e.g., Park Royal)**

The extent to which the Comprehensive Plan policy isn't met

There are 9,030 Parcels
in University Place

Septic,
Sewers "Not Available":
887

Septic,
Sewers "Available":
946



Developed Unsewered Parcels within UP

Distance to Sewer Requiring Connection	Number of Parcels	Meets Comp Plan Policy CF6C
Adjacent – 60 feet	438	Yes
60 – 100 feet	41	Yes
100 – 200 feet	262	Yes
200 – 300 feet	205	Yes
> 300 feet	887	No
Total Unsewered Parcels	1,833	

Potential consequences

- **Affects UP community's ability to implement its Comprehensive Plan and meet requirements of GMA**
- **Housing mix, density, affordability, utility concurrency, etc. goals are limited or not achieved**
- **New development, redevelopment of existing and/or underutilized properties, commercial redevelopment, residential infill, property values, revenue growth, etc. are limited without access to sewers**
- **Septic system failures may negatively affect surface water and ground water quality (e.g., Leach Creek, Chambers Creek, Peach Creek), wetlands, shorelines, aquifers, plant and wildlife habitat.**

Estimated Project Costs

Peck Area	Description	Estimated Project Cost (1)
1	Olympic Blvd./Brookside Drive	\$509,000
2	36th Street W	\$767,000
3	Crest View Drive	\$393,000
4	Sunset Drive - north of 40th St. W	\$1,678,000
5	67th Ave. W - south of 27th St. W (2)	\$1,942,000
6	67th Ave. W - at 35th Ave. W (2)	\$2,264,000
7	70th Ave. W - at 37th Ave. W	\$1,437,000
8	35th/37th Sts. W - east of 67th Ave. W (2)	\$2,723,000
9A	Sunset Beach - east of railroad	\$3,953,000
9B	Sunset Beach - west of railroad	\$1,574,000
10	Sunset Drive - south of 40th St. W	\$721,000
11	70th Ave. Ct. W - S 44th St. W & 48th St. W	\$3,062,000
12	48th St. Ct. W /49th St. W /86th Ave W	\$468,000
13	66th Ave W - south of 47th St. W	\$800,000
14	53rd St. W - west of 67th Ave. W	\$722,000
16	55th St. Ct. W - east of 67th Ave. W	\$1,978,000
17	56th St. W - west of 95th Ave. Ct. W	\$1,449,000
18	89th Ave. W - south of 64th St. W	\$1,086,000
19	64th St. W - at 81st Ave. W	\$498,000
20	75th Ave. W	\$1,424,000
21	SE Sec. 23, T20N, R2E	\$2,933,000
22	East Slope Leach Creek - 40th St./Cirque (3)	N/A
	Total	\$32,381,000
	Properties within 300 feet of a sewer line	\$7,300,000
	Grand Total	\$40,000,000

Parcel Data

Peck Area Description	Estimated No. of Parcels (1)	Estimated No. of ERUs (2)	Estimated No. of Hardship Parcels (3)
1 Olympic Blvd./Brookside Drive	18	20	2
2 36th Street W	38	38	5
3 Crest View Drive	13	15	3
4 Sunset Drive - north of 40th St. W	33	52	2
5 67th Ave. W - south of 27th St. W	38	204	0
6 67th Ave. W - at 35th Ave. W	62	73	4
7 70th Ave. W - at 37th Ave. W	55	55	2
8 35th/37th Sts. W - east of 67th Ave. W	81	85	6
9A Sunset Beach - east of railroad	120	147	3
9B Sunset Beach - west of railroad	43	43	2
10 Sunset Drive - south of 40th St. W	24	33	1
11 70th Ave. Ct. W - S 44th St. W & 48th St. W	138	141	8
12 48th St. Ct. W/49th St. W/86th Ave W	24	24	4
13 66th Ave W - south of 47th St. W	27	27	1
14 53rd St. W - west of 67th Ave. W	31	31	0
16 55th St. Ct. W - east of 67th Ave. W	101	101	6
17 56th St. W - west of 95th Ave. Ct. W	77	77	1
18 89th Ave. W - south of 64th St. W	26	27	0
19 64th St. W - at 81st Ave. W	33	33	0
20 75th Ave. W	34	52	1
21 SE Sec. 23, T20N, R2E	93	183	5
22 East Slope Leach Creek - 40th St./Cirque (4)	N/A	N/A	N/A
Total	1,109	1,461	56

What did the city consider?

Summary of key characteristics

	Alt. 1	Alt. 2	Alt. 3	Alt. 4	Alt. 5	Alt. 6
Description	Connect All Residents	Make Sewers Available	Adopt a Mandatory Connection Ordinance	Establish a Revolving Fund	Maintain the Status Quo	Change Policy
Meets City Policy (Sewers Available in 20 Years)	Y	Y	N	N	N	Y (if policy is changed)
Total Estimated Cost (\$M, 2003 \$)	\$40.3	\$24.6	\$7.7-9.2	<\$1	\$0	\$0
Mandatory Connection Ordinance Required	Y	N	Y	N	N	N
Number of Septic Properties Required to Connect (Estimated)	761	0	761	0	0	0
Customer Costs of \$10,000 – 15,000 per Parcel	Required	Voluntary	Required	Voluntary	Voluntary	Voluntary
ULID s Required	Y	N	N	N	N	N
Pilot Program / Rate Surcharge, \$/month/ERU	\$5.40	\$8.50	0	0	0	0

Policy Proposal

■ University Place Capital Facilities Charge

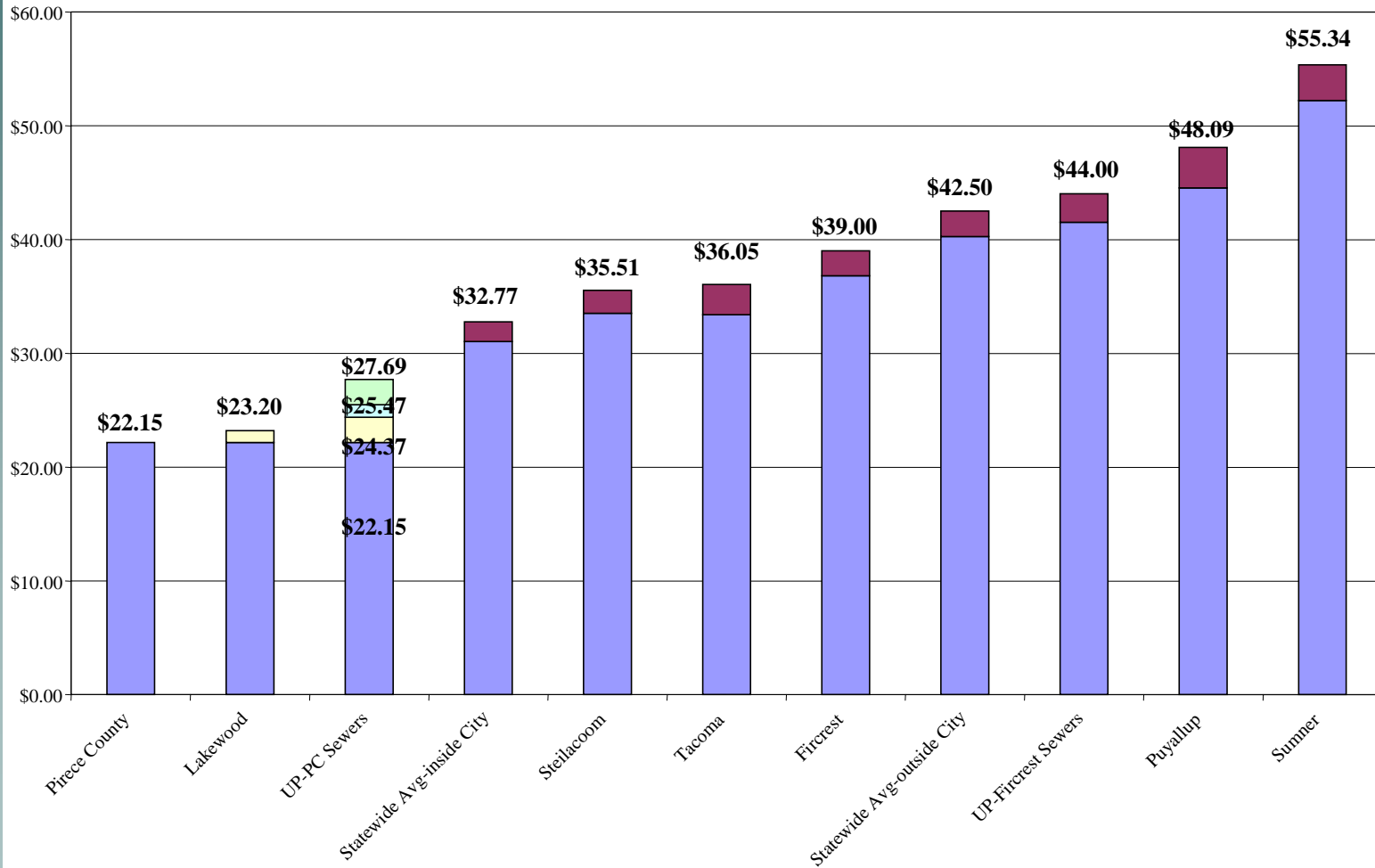
Surcharge, as % of Existing PCU Rates	Monthly Surcharge, \$/ERU	Revenue Raised in One Year	Revenue Raised in 20 Years
10%	\$2.22	\$0.28M	\$5.7M
15%	\$3.32	\$0.42M	\$8.5M
25%	\$5.54	\$0.71M	\$14.2M

■ Mandatory Connection Ordinance

Comparison of Sewer System Capital Facilities Charge Options

Capital Facilities Charge:			
Monthly rate	\$2.22/month	\$3.32/month	\$5.54/month
Revenue:			
Annual	\$280,000	\$420,000	\$710,000
20 years	\$5.7 million	\$8.5 million	\$14.2 million
Investment Opportunities:			
Sewer system extensions	1 neighborhood (10 lots @ \$15,000 each = \$150,000)	2 neighborhoods (20 lots @ \$15,000 each = \$300,000)	3 neighborhoods (30 lots @ \$15,000 each = \$450,000)
Debt financing (e.g., pump station)	1 pump station @ 35 th & 67 th = \$100,000 per year for 20 years	1 pump station @ 35 th /67 th = \$100,000 per year for 20 years	2 pump stations @ 35 th /67 th and Soundview = \$200,000 per year for 20 years
Side sewer repairs in ROW	2 averaging \$2,500 each	2 averaging \$2,500 each	4 averaging \$2,500 each
Hardship assistance & revolving loans	5 annual deferrals or revolving loans averaging \$5,000 each	3 annual deferrals or revolving loans averaging \$5,000 each	10 annual deferrals or revolving loans averaging \$5,000 each
Sewer Connections (estimated):			
Annual	10	20	30
20 years	200	400	600

Rate Comparison



Current Sewer Ratepayers

Estimated Financial Impacts

Sewer Component	Pierce County Customers		Fircrest Customers
	Current Rate	Proposed Rate	Current Rate
(1) Maintenance & Operation of existing collection system			
(2) Wastewater Treatment Plant	\$22.15	\$22.15	\$44.00
(3) Repair existing sewer lines			
(4) Extend sewer lines into unsewered areas of the community	\$0	\$5.54	\$0
Total	\$22.15	\$27.69	\$44.00

Septic System Property Owners Estimated Financial Impacts

Description	Estimated Financial Impact, \$/ERU
Unsewered Area	
Private Property (on-site costs)	
Pierce County connection charge and on-site costs (e.g., Pierce County fees and charges [\$2,000], side sewer plumbing, septic system pumping & filling, gravity building sewer installation, grinder pump installation [normal gravity side sewer or force main], and landscape restoration).	\$5,000 to \$7,000 (33% of total cost)
Construction costs (public R-O-W) funded with \$5.54/month surcharge	
(e.g., mobilization, grind existing pavement, trench excavation, sewer mainline and stubs, manholes, force main, pump/lift station, pavement restoration, traffic control, engineering & design, inspection, administration, and easements)	\$10,000 to \$13,000 (67% of total cost)
Total	\$15,000 to \$20,000
Monthly sewer rates (new Pierce County sewer customers in UP)	Increase from \$0 to \$27.69
Existing Pierce County Sewer Customers in UP	
Monthly sewer rates	Increase from \$22.15 to \$27.69

Timeline / Next Steps

Proposed Implementation Date: January 1, 2006

City of UP:

- Development of UP Sewer CIP
- Interlocal Agreement
- Needs Assessment & Project Prioritization
- Economic Benefit Analysis
- Cost Allocation Analysis

Pierce County Council:

- August-October 2005
- Study and Recommendation
- Council Consideration

University Place City Council:

- July 11, 2005 Public Hearing
 - UP CFC recommendation to Pierce County Council
 - Mandatory Connection Ordinance
- May 16, 2005 Study Session/Public Comment
- May 2, 2005 Study Session
- April 4, 2005 Study Session

Extensive Review and Analysis:

- Sewer Services Strategy 2003/2004
- Sewer Services alternatives – UP and PCPWU 2002/2003
- Economic Enhancement/Feasibility Study for Proposed Sewer Expansion in UP – Macaulay & Associates, LTD 2001
- Pilot Program option (capital facilities charge) 2001
- Nonexclusive franchise to City of Fircrest to maintain and operate a sanitary sewer system in certain portions of UP 2001
- Unified Sewer Plan for the Pierce County Wastewater Utility 2000/2001
- Nonexclusive franchise to Pierce County to maintain and operate a sanitary sewer system in portions of UP 1999
- Feasibility Study, Sanitary Sewer Collection System Expansion – Craig A. Peck & Associates 1998

1998-2004

Jan 2005

Jun 2005

Jan 2006

Staff Recommendation (Part 1)

- **Adopt Resolution requesting the Pierce County Council:**
 - **Current and future sewer ratepayers:**
 - 25% (\$5.54/month) UP CFC
 - **Current and future septic system owners**
 - Equivalent amount to accrue to future connection charge (\$5.54/month) – to be collected at time of sewer connection
 - **Finance proposed sewer extensions in UP**
 - **City to adopt a mandatory connection ordinance**
 - **Interlocal agreement outlining responsibilities and obligations of City and County**
 - **6 year term – 2006 to 2011**

Staff Recommendation (Part 2)

- **Adopt Mandatory Connection Ordinance**
 - **Sewer connection required if sewer extension is funded partially or wholly by the UP capital facilities charge and is available within 300 feet**
 - **Must connect within 90 days of notice with extension available for 90 additional days for a total of 180 days**
 - **Must decommission on-site septic system in accordance with TPCHD**
 - **Connection Deferrals**
 - **3 years with a max renewal of 1 additional 3 yr period**
 - **Criteria to qualify for a deferral (all must apply)**
 - **Economic hardship (e.g., RCW 84.36.381, 20% of total AV)**
 - **Septic system must be in good working order as determined by the TPCHD**
 - **Owner must record a Connection Agreement per 14.35.060**
 - **Septic system does not have an adverse environmental impact**
 - **Septic system is in compliance with all applicable regulations**

Q & A