

# University Place Sewer System Strategy

Please visit our website at <http://www.cityofup.com/Planning/SewerServices.asp> or contact John Caulfield, Deputy City Manager at (253) 566-5656 for more information.

## What are the reasons for extending sewers in UP?

The University Place community continues to experience localized failures of septic systems that could present environmental health problems to the whole community and are creating significant financial hardships to University Place residents as the cost to either connect to sanitary sewers or repair a failing septic system can range in cost from \$15,000 to \$35,000. The consequences of continuing to have sewers unavailable to residents include the following:

- 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.
- Community's ability to implement its Comprehensive Plan and meet the requirements of the Growth Management Act is affected.
- Housing mix, density, housing affordability, utility concurrency, etc. goals are limited or not achieved.
- Development and redevelopment of existing and underutilized properties, commercial redevelopment, residential infill, property values, and revenue growth are limited without access to sewers.

## How were existing sewers financed in UP?

Financing mechanisms included the use of ULIDs, which in turn were matched with federal funds available in the 1970s. However, there are many areas in the community where sewers are not yet available. Approximately 1,833 or 25% developed parcels within University Place are unsewered.

## What are current sewer policies in UP?

- New development within 300 feet of a sewer line is required to connect to the sewer system.
- Properties requiring an on-site remodeling permit from the Tacoma-Pierce County Health Department must connect to the sewer system if within 300 feet of a sewer line. An exemption process exists.
- In the Leach Creek area, connection to sewers is required for any new development more intense than a single-family residence.

## Which sewer utilities serve UP?

Pierce County Public Works and Utilities (PCPWU) serves the majority of the University Place community. The 2005 monthly sewer rate is approximately \$22.15 for a single-family residence. The City of Fircrest serves small portions of UP, including areas along 67<sup>th</sup> Avenue West. The monthly sewer rate (including a 6% utility tax) is \$44 for a single-family residence.

## How much does it cost to extend sewers to all of UP?

The total cost to extend sewers throughout the remaining unsewered areas of the community was estimated at \$40 million in 2004. The total cost includes the costs of sewer pipes in the public street, sewer stubs, the costs of improvements on private property, and the cost of Pierce County Public Works and Utilities' connection fees; the estimated cost does not include future inflation.

## How much does it cost to extend sewers to a single property?

The cost for a specific property varies, depending on its location, but estimates are that average costs ranges between \$15,000 and \$35,000 per parcel for both public and private property improvements.

## From a historical perspective, what did the city consider?

In the Citywide Sewer Services Strategy (February 2004), the city evaluated six alternatives. These alternatives range in scope from doing nothing to completing the entire \$40 million of sewer extensions via a partnership with Pierce County Public Works and Utilities. A funding source is identified for each alternative and financial impacts to UP residents are identified. A copy of this report may be found on the City's website at <http://www.cityofup.com/>.

## What did the City Council decide?

On August 8, 2005, after considerable public input and deliberation, the University Place City Council passed a resolution requesting the Pierce County Council to increase existing and future sewer service charges to create a University Place Capital Facilities Charge (CFC) and connection fee effective January 1, 2006 on current and future Pierce County Public Works and Utilities (PCPWU) customers in University Place for the purpose of funding sewer extensions to unsewered areas of University Place.

## How will my sewer bill be affected and how much revenue will this raise annually?

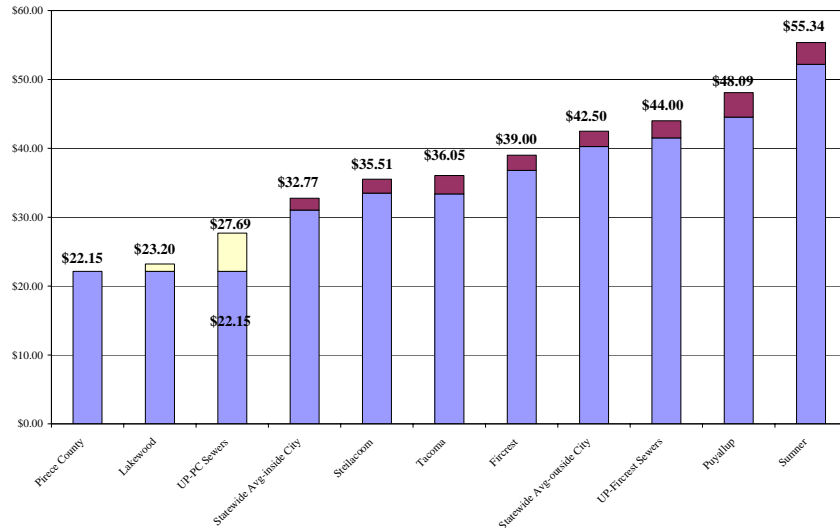
The 2005 monthly sewer rate is approximately \$22.15 for a single-family residence. A \$5.54/month/single-family home CFC to \$27.69/month will raise approximately \$710,000 per year or \$14.2 million over a 20-year period.

## When will the rate increase begin and when will it end?

The City recommends to the County a begin date of January 1, 2006. The City also agrees to evaluate and review the effect of the capital facilities charge by 2011 to determine at that time whether or not to request the County to continue the charge.

## How does the new rate compare with other sewer rates?

The following graph compares monthly sewer rates (including a utility tax if applicable) from surrounding Pierce County communities as well as the estimated 2004 average statewide for single-family homes. A \$5.54/month CFC will result in a new monthly sewer rate of \$27.69, well below the 2004 statewide average of \$32.77 as well as the monthly rates of neighboring communities.



## Why doesn't Pierce County Sewers pay for extension of sewers in UP?

Pierce County sewer fees are structured only to operate and maintain the following components of its system: (1) existing collection system, (2) wastewater treatment plant, and (3) repair existing sewer lines in sewerred areas of the particular sewer utility's service area (e.g., University Place). The monthly sewer rate totaling \$22.15 currently collected by Pierce County doesn't include funds to extend sewers into unsewered areas of the University Place community. The \$5.54/month CFC is proposed to serve this purpose.

**How about those served by septic systems – will they have to pay the CFC?**

Yes. As septic system owners connect to sewers, they will be required to pay an additional connection fee at the time of sewer connection, which would increase incrementally every year beginning in 2006 through 2011 from \$67 to \$402, respectively. Once connected, they will pay the same monthly sewer rate as all other sewer ratepayers.

**If my property is served by a septic system, will I be required to connect?**

Only those properties that are within the service area of a newly constructed sewer line funded with UP capital facilities charge revenue and are provided sewer service through the extension and installation of a side sewer stub will be required to abandon their septic system (functioning or failing) and connect to the new sewer line.

**Will the UP capital facilities charge completely finance sewer extensions?**

No. Similar to how most of UP was sewer, as septic system owners connect to sewers, they will be required to finance a portion of the total improvements, which in turn will be leveraged with the UP capital facilities charge. We will develop a set of criteria to maximize the use of the CFC funds later this Fall, including what portion of the total cost that those connecting to sewers will be required to pay.

**Will financial assistance be provided to help those unable to pay?**

Yes. The City Council has directed staff to prepare a Financial Assistance Ordinance for review and consideration this Fall that would allow the City Council to develop a program and set of criteria to provide assistance to those low-income property owners who are unable to afford connection charges, with either monthly CFC refunds or connection cost deferrals.

**When will sewer line extensions be constructed?**

The City Council has directed staff to prepare a capital improvement program (CIP) for review and consideration this fall that would allow the City Council to develop a program to expend the funds collected in the most effective manner to accomplish the extension of sewer lines into unsewered areas of the City. This would include establishing a set of criteria to evaluate sewer capital facility needs in order to prioritize the projects and maximize the use of the CFC funds, potential ULID funds, low-interest loans and other potential sources of revenue.

**Will sewers be extended to all of University Place over the next six years with this UP capital facilities charge?**

No. The total public and private investment required to sewer properties currently served by septic systems totals approximately \$40 million (2003 dollars). The UP capital facilities charge will raise approximately \$710,000 a year or \$4.5 million over a 6-year period. Even with a similar contribution from private property owners and perhaps grants and loans, the problem is too big to solve in only six years. However, the funding will allow the community to address the most serious septic system failures.

**What could the UP capital facilities charge finance annually for the next six years?**

Possible program investments annually could include: connections of 30-40 households annually; 10 deferrals or loans to finance connections for qualified property owners annually; and the financing of a pump station, which is required for sewers to be available in several areas of the community.

**Will the UP capital facilities charge be used to subsidize new development?**

No. New development within 300 feet of a sewer line is required to connect to the sewer system. The UP capital facilities charge is reserved only for those developed properties and neighborhoods currently served by septic systems that are experiencing septic system failures.