

Port Hadlock Wastewater Working Group (WWG)

Policy Considerations for December 11 Meeting/Series of Meetings

Developed by

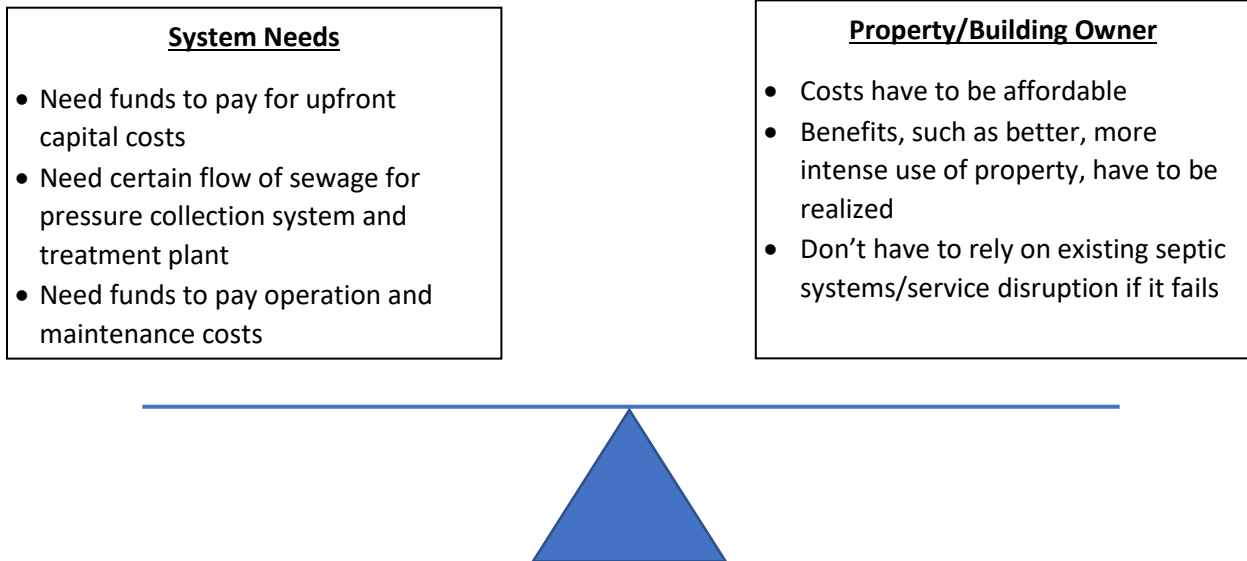
WWG Chair/Vice Chair/Monte Reinders/Kevin Dour/Bob Wheeler Planning Meeting

Policy 1 Consideration

For existing structures/buildings/facilities within the boundaries of the ultimate LID (and also for all properties in the sewer service area as the area develops in the future), the key question is ***when will those structures be required to hook up*** to the sewer system and have to pay for their portion of the capital cost of common and shared system components, like the wastewater treatment plant?

In order for the WWG to address this question, individuals will need to know what they will have to pay for and what their overall cost will be. If a structure/property is within the LID, that structure/property's owner will begin paying its LID assessment once the sewer is constructed, whether the structure/property is connected to the sewer or not. But, what will the policy be for requiring connection of existing structures, when will they have to connect to the system, pay for their share of those common element costs, and if tied onto the sewer, have to start paying Operation and Maintenance charges?

It is important to consider and balance the need for a system/policy that is affordable and viable for property owners with existing structures with the need for making the sewer system financially viable by having enough connections early on in the construction of the system so that a funding stream exists to pay for the common/shared capital facilities.



For the WWG to talk about this question, we are posing a few **scenarios** for what costs might be for property owners with a structure/s. For all scenarios, it is assumed an LID was supported and passed by

the property owners and all properties in the initial service area would be paying an LID assessment in accordance with the special benefits analysis.

Scenarios to consider are as follows:

1. Assume, for each Equivalent Residential Unit (ERU)¹, Common Elements cost \$4,700 per ERU, O&M costs \$87.00/month for each ERU, and LID costs would be per individual property assessments (refer to estimate provided by Monte) paid over 20 years.
 - Question for WWG members, how willing would you be to connect to the wastewater system and pay these costs, especially considering the need to balance your decision with needing a certain number of connections to make the whole system viable upfront?
2. Assume, for each ERU, Common Elements cost \$9,200 per ERU, O&M costs \$87.00/month for each ERU, and LID costs would be per individual property assessments (refer to estimate provided by Monte) paid over 20 years.
 - Question for WWG members, how willing would you be to connect to the wastewater system and pay these costs, especially considering the need to balance your decision with needing a certain number of connections to make the whole system viable upfront?
3. Assume, for each ERU, Common Elements cost \$13,700 per ERU, O&M costs \$87.00/month for each ERU, and LID costs would be per individual property assessments (refer to estimate provided by Monte) paid over 20 years.
 - Question for WWG members, how willing would you be to connect to the wastewater system and pay these costs, especially considering the need to balance your decision with needing a certain number of connections to make the whole system viable upfront?
4. Think about the above three questions for an existing structure you might own and assume you have more than 1 ERU (Use table developed by Monte, see attached, that shows initial estimated ERUs for specific properties). Understanding that you have multiple ERUs, and therefore greater potential for developing your property, how much would you be willing to pay given one of the 3 scenarios given above?

Policy 2 Consideration

Question for WWG, how should structures that have installed ***new septic tank/leach field systems*** be handled? When should they be required to connect into the wastewater system? Should connection be based on the number of years since that septic/leach field system was installed, or some other process?

Policy 3 Consideration

¹ An ERU is roughly equivalent to a single-family home or 4,000 gallons of water used per month.

What **incentives** should be considered to encourage property owners with existing structures to connect? Look at the list below and indicate which ones make sense to consider, which ones do not, and add any you think should be considered.

1. Lower Cost connection cost (Remember, capital costs for common elements of system still need to be paid for, and if new connectors get cost break, that cost will need to be made up somehow).
2. Provide a time period in which to connect. How long should that period be?
3. Connect and pay without an incentive, but with the realization that property with existing structure on it will be zoned with higher density.
4. Economies realized by making connection during pressure sewer construction, thereby saving money on your individual connection construction.
5. Buy in early with a set price you know and make the actual physical connection to a new structure within some timeframe in the future.
6. Other mechanism?

Policy 4 Consideration

New Development – Should all new development within the LID be required to hook up to the sewer system and pay the capital, O&M costs immediately?

Policy 5 Consideration

Vacant Land – It is estimated that within the likely LID there will be 40 to 50 acres of vacant land. Such land will be responsible for paying the LID property assessment, but when should they be required to hook onto the sewer and start paying capital costs?

Key considerations:

- The Treatment Plant and other common elements of the system will be designed to take expected sewage flows from the whole LID boundary area, including this vacant land.
- If a vacant property does not develop or connect to the system, that will delay reimbursing the County for the outlay of capital costs to build the plant.
- However, it is typical that undeveloped property would only connect and pay connection charges when the owner develops and is ready to use the system.
- If the vacant land is not connected right away, can capacity be sold to developers in the next phase in which case the vacant land within the LID may not be guaranteed sewer availability and may need to wait until there is further sewer expansion.
- Future connections charges may be more expensive than initial costs.

The following questions need discussion and input:

1. Should vacant land within the LID boundary be required to connect to the system immediately and pay for capital costs and O&M, just capital costs, or not required to connect at all?
2. Should incentives be established to encourage vacant property owners to connect early (or pay their connection charge up front)?

3. If connection is required, how do you assess how much property owners should pay (Or, how many ERU's should they be assigned when there is no history of water use on such a property)?
4. If connection isn't required immediately, can other developers use up that unused capacity? And, what happens if the capacity reserved for that vacant land is used up?

Factors to Consider in responding to the above questions

- Grant agency requirements may determine what some of the responses to the above questions will have to be, but because the majority of the grants have not been obtained, it is hard to say what those requirements might be.
- The common and shared components of the system will be partly financed by grants, but for the portion of the system that is paid for locally, it is imperative that as many of the customers in the LID help pay for those costs as early as possible. Therefore, any decisions delaying payments by individuals/property owners means that someone else will have to make those payments. The willingness to pay and by what time-period has to be balanced with how to make sure the capital costs can be paid without unduly increasing the cost to other customers.