

FISCAL NOTE FOR NON-CAPITAL PROJECTS

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Legislation Title: AN ORDINANCE relating to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to enter into latecomer agreements, in accordance with the requirements of Chapter 35.91 of the Revised Code of Washington; and adding new Chapter 21.80 to Subtitle VII of Title 21 of the Seattle Municipal Code; and ratifying and confirming certain prior acts.

Summary of the Legislation: This legislation authorizes the Director of SPU to enter into latecomer agreements in accordance with RCW chapter 35.91.

Background:

Within 10 miles of the City of Seattle developers may be required to construct and pay for system improvements to Seattle Public Utilities' infrastructure to connect to its water, sewer or drainage systems. Currently developers must construct facilities at their own expense and donate the assets to SPU upon their completion and approval from SPU engineers. This process allows later developers to directly benefit from this upgrade when they request to connect to it without bearing any of the additional cost borne by the first in developer.

The State Legislature deemed this process unfair and mandated that upon developer request, municipal utilities enter into agreements to help recover the costs of required utility improvements from development that subsequently connects to the improvements for a period of 20 years. These latecomer agreements will allocate pro-rata shares of the original developer's utility improvement costs to benefitting parcels. SPU will act as an intermediary between the original developer and subsequent development, collecting shares and remitting them back to the original developer. SPU may also participate financially in the construction of these improvements and if so is entitled to an equitable share of the subsequent payments when benefitting parcels wish to connect. This legislation also allows SPU to collect fees to cover the administrative costs of the program, through a Director's Rule, leaving the utility financially unaffected.

X **This legislation does not have any financial implications.**

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
This legislation provides developers a resource to recover some costs associated with their improvements to SPU infrastructure. SPU will act as an intermediary, maintaining records and transferring funds between parties. There will be some cost associated with

each transaction; however the legislation provides that SPU can recover administrative costs associated with running the program, leaving the utility with no net financial burden.

b) What is the financial cost of not implementing the legislation?

Not implementing this legislation is not an option. This legislation meets the requirement of state law to implement a latecomer program by July 1, 2014.

c) Does this legislation affect any departments besides the originating department?

DPD in its role of issuing side sewer permits on behalf of SPU will need to check side sewer applications to determine whether they are party to a Late Comer's agreement and if so ensure the amount owed is paid in full prior to issuing the side sewer permit.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

There are no alternatives to the legislation that would achieve the same or similar objectives.

e) Is a public hearing required for this legislation?

No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

g) Does this legislation affect a piece of property?

This legislation does not affect a specific piece of property but will encumber benefitting parcels with a requirement to pay a pro-rata share of the cost of the infrastructure should they connect to it.

h) Other Issues: N/A.

List attachments to the fiscal note below: None.