



## Memorandum

**TO:** Councilmember Sally Bagshaw  
Councilmember Kshama Sawant  
Councilmember Bruce Harrell

**FR:** Nancy Ahern Seattle Public Utilities

**Subject:** Late Comers Legislation

**Date:** June 24, 2014

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In the spring of 2013 the Washington State Legislature approved legislation directing local governments to offer latecomer agreements when requested by property owners who are required to construct water or sewer facilities as a prerequisite to development. It is common practice in most cities that when developers build a project in a location not served by water, drainage, and wastewater facilities, they are required to construct these improvements at their own expense and then donate them to the appropriate local utility. This can be costly to the “first-in” developer. To help them recover some of the cost of the mandated utility improvements these “Latecomer” agreements allocate pro-rata shares of the original developer’s utility system improvement costs to subsequent benefitting parcels for a period of 20 years. Each benefitting parcel’s pro-rata share is recorded against the parcel with the King County Recorder’s office and will be tracked.

This Legislation would allow the City to comply with State law. The City, through SPU, would act as an intermediary between the original developer and subsequent developers. SPU would:

- Develop the Late Comers contract
- Identify the benefitting parcels
- Calculate the pro-rata shares
- Record the pro-rata shares with the King County Recorder’s Office
- Track all Late Comers and identify when connections are requested
- Collect the assigned pro-rata shares
- Remit the pro-rata share minus SPU administrative costs back to the original developer before allowing connection to the associated system improvement that is the subject of the agreement.

The legislation also allows SPU to participate financially in the construction of improvements with the original developer and receive a fair share of the subsequent revenues collected as benefitting parcels later connect to the improvements built and to collect fees to cover its administrative costs of the program.

This proposed Legislation would add a new section to the Seattle Municipal Code authorizing the SPU Director to enter into these Latecomer agreements with developers. The Legislation would also codify how SPU would implement these contracts pursuant to the requirements in State law.

The utility hosted several sessions with a panel of commercial developers and gave a presentation to the Master Builder's Association and we believe there is support among these groups for this approach.