

PUBLIC FACILITIES

X - Miscellaneous

COUNCIL POLICY NO. X-1

TITLE: MANAGEMENT OF SEWER AND WATER SDC REVENUES AND EXPENDITURES

Definitions:

“Growth Facility” means any public water or sewer facility identified in the most recent adopted sector or master plans for sewer or water.

“SDCr” means the “reimbursement fee” portion of the SDC fees (see SRC 41.100.(f)).

“SDCi” means the “public improvement charge” portion of the SDC fee (see SRC 41.100.(d)).

“Service Area” means the service basin identified as benefitting from a particular growth facility, such as a water reservoir or sewer trunk line.

POLICY: **Policy No. 1- How a project gets funded**

The annual five-year CIP process will include an element for specific SDC funded growth facilities to benefit residential, commercial, and industrial properties. This element of the CIP, also known as the “Extra Capacity Facilities Construction Fund,” will be funded from the SDCr and that portion of the SDCi not used to reimburse or credit developers under Policy No. 2. Other projects where the timing does not fit the annual five-year CIP process must be approved by the city council in a public hearing process.

Policy No. 2 - Reimbursement to residential developers

Any developer who constructs at its expense a growth facility required by the city as a condition of residential development approval will receive reimbursement from the city from the SDCi collected from each lot in the development. This reimbursement when applied to area facilities such as water reservoirs, pump stations, and force mains, shall apply to the entire cost of the facility. This reimbursement, when applied to linear facilities such as gravity sewers and water lines shall apply to the entire cost of the facility, except when lots representing 25 percent or more of the front footage connect directly to said facility, in which case the credits will apply to only the oversize portion of the cost. Such reimbursement shall cease when the sum total of these and other reimbursements from subsequent developers provided under SRC 66.195 equals the developer's certified investment cost. Any subsequent SDCi collected may be applied to any growth facility through Policy No. 1.

Policy No. 2a - Timeliness of SDC Credits to Developers

SRC Chapter 66 specifies the order in which various reimbursements mechanisms to developers are paid as follows:

- a) From specific budgeted city project which has been funded under Policy No. 1
- b) From SDC credits generated by the development
- c) From connection fee and prior facility charges

The net amount of reimbursement a developer is entitled to under mechanisms a) and c) is determined after deducting from his total allowable costs the SDC credits that will potentially accrue from his development. These credits will actually be paid out by the city on a quarterly basis from the SDCi collected from individual lots within his development during the quarter. After SDCi has been collected from 90 percent of the lots within the development, the city will (at the end of the quarter) pay out to the developer 100 percent of the potentially available credits within his development.

Policy No. 3 - Separate accounting of SDCr revenues

SRC 41.120 requires 50 percent of sewer SDCr revenues be dedicated to Willow Lake expansion. Remaining SDCr revenues shall be separated into two accounts, residential and commercial/industrial. Source of revenue for the residential account shall be residential development paying SDCr. Residential SDCr funds shall pay for growth facilities identified through Policy No. 1. Sources of revenue for the commercial/industrial account shall be SDCr and applicable connection fees collected from commercial/industrial development. Commercial/industrial SDCr funds shall pay for growth facilities which benefit commercial/industrial lands, whether inside or outside of the C.D.A.

REFERENCE:

Public Works Staff Report dated 11/28/94, Agenda Item No. 9.2.n.; Public Works Staff Report dated 11/6/95, Agenda Item No. 7.2.u.; Public Works Staff Report dated 3/24/97, Agenda Item No. 9.2.k.