Section 8
Financial Program
8.0 Financial Program

As part of the development of the Comprehensive Wastewater Management Plan (CWMP), Spokane County (County) conducted a review of current wastewater management policies. In particular, this review focused on financial policies related to connection charges. Other existing financial policies were also reviewed, and additional or revised policies are presented for consideration. This section of the CWMP presents the existing financial program policies reviewed and recommendations for the County to consider in modifying its financial program framework.

8.1 Existing Financial Program Framework

The County has developed a set of rates and charges to prudently fund sewer services for its customers. Over time this system has evolved to optimize service to customers across the County’s service area. As a result, it is important to review rates and charges periodically to determine if they provide adequate funding to sustain the utility as well as meet the County’s goals and objectives. Provided in the following sections is a discussion of the County’s historical capital funding approach and proposed approach for funding capital improvements into the future.

8.1.1 Historical Funding Program Approach

The funding requirements for the County to construct, own, and operate a sewer utility have historically been separated into three components as summarized below:

- Regional facilities - Capital costs for the construction of regional interceptor and pump stations, as well as upgrades and expansion of regional treatment facilities.
- Collection Facilities - Piping and pump stations required to serve local sewer projects.
- Operation and Maintenance (O&M) – Costs incurred to operate and maintain all of the regional and collection system wastewater facilities.

Historically, the County has used a combination of grants, sales tax revenue, monthly rates, Utility Local Improvement District (ULID) bonds, and General Facilities Charges (GFCs) to finance sewer projects.

County financial assistance has been a key component of any historical sewer funding approach undertaken by the County. In the early 1990s, the County provided as much as 54 percent of the total cost for some projects. In order to ensure the availability of County funds for other purposes, the level of participation has slowly decreased during the past two decades, and still includes a combination of other outside funding sources (i.e., grants, loans, local fees). RCW 36.94.230 allows property owners to form a ULID as a financing mechanism. However, the ULID process involves considerable staff effort and time, and should not be utilized as the primary sewer project funding strategy.

To streamline implementation of the Septic Tank Elimination Program (STEP), revenue bond financing was recommended as the preferred financing alternative. In order to determine
appropriate rates and charges, the County has historically completed a detailed wastewater rate study every three years. This evaluation established a strategy for setting cost-based rates and charges integral to implementation of the STEP and Urban Growth Area Development (UGAD) sewer programs.

8.1.2 Historical Funding Program Sources

The County’s wastewater utility has historically been sustained by the funding sources outlined below.

**External funding:** The County has pursued (and continues to pursue) funding from a variety of external sources to help meet the financial obligations of its wastewater utility. It has acquired funding from low-interest State Revolving Fund (SRF) loans, general obligation (G.O.) bonds, revenue bonds, a Washington State Department of Ecology (Ecology) Grant, and the Aquifer Protection Area (APA) Fee.

**Existing customer charges:** Existing customers pay two monthly charges that reflect the ongoing cost of providing service:

- Sewer Service Charges
- Wastewater Treatment Plant Charges (WTPC).

**New customer charges:** The County’s code, *Title 8 – Health and Sanitation*, provides the basis and authority for the County to implement fees and charges to operate and maintain the sewer system. For example, Section 8.03.8300 General Facility Charge, discusses the approach and methodology for implementing GFCs to maintain equity between customers, the costs that should be considered when developing the GFCs, and the requirements necessary to provide service to new customers. The County updated sections of the code related to the financial program during the 2001 CWMP to reflect the recommendations of the plan. The recommendations of this updated financial review may result in the need for the County to revise the code to reflect the conclusions of the review.

The financial program is based on the County’s current approach to implementing cost-based GFCs. The County has several connection charges which vary depending on the location of the connection. The different areas are identified as:

- Inside STEP areas with ULID funding
- Inside STEP areas funded through Capital Facilities Rates (CFRs; i.e., not ULID)
- Sewered portion of the County’s service area that is outside of STEP
- Unsewered portion of the County’s service area that is outside of STEP.

The various charges have been established to reflect the costs associated with costs of providing service. For example, the customers connecting to the system in a STEP area would pay a charge related to the infrastructure necessary to provide service in that specific area, plus a GFC
charge for the treatment and conveyance system. Provided below is a summary of the current charges and how they are applied.

**General Facilities Charge (GFC)** – The GFC is a one-time charge to a new customer connecting to the County sewer system. The GFC is based on the customer’s proportional share of the wastewater treatment facilities, interceptors, trunks, and pump stations that have been identified as general facilities. The GFC is charged on a per Equivalent Residential Unit (ERU) basis. Customers that are eliminating an existing on-site system (septic tank) receive a subsidy in the form of a credit to the GFC. Once a sufficient time period has been allowed for connection of existing septic systems that are in proximity to sewer lines, the County will eventually phase out this subsidy. A GFC is also charged to existing customers who modify their use on the property resulting in increased wastewater flows. **Figure 8-1** defines what infrastructure is currently considered a general facility.

**Capital Facilities Rate (CFR)** – The CFR applies to customers within a STEP program area. It is made up of two components which include the GFC plus a construction cost component intended to recover the cost of the local sewer pipeline construction. Customers that are eliminating an existing on-site system (septic tank) also receive a subsidy in the form of a credit to the GFC component of the CFR. The CFR is charged on an ERU basis to both new customers and existing customers who modify their use on the property resulting in increased wastewater flows.

**Special Connection Charge (SCC)** – The SCC is analogous to the construction cost component of the CFR and applies when a connection is being made to the County’s system outside of a program area (i.e., STEP). It is in addition to the GFC charge and is also charged on an ERU basis. When a connection is being made in a new development funded by private developers, SCC credits may be applicable to offset the cost of the local sewer system.

**Trunk Charge** – The Trunk Charge is intended to recover the cost of certain County-funded sewer trunk extensions into undeveloped areas. It is typically applicable to new development that requires the extension of sewer to serve a project that is being funded by private developers. The Trunk Charge is based on the cost of the trunk extension construction and is assessed on a per acre basis. When a connection is made to the sewer system contributing to the trunk, or to the trunk itself, the GFC is applied on an ERU basis.

As noted, the present connection charges are the result of the methods established by the County to equitably collect the costs associated with providing service in various areas of its system. As a general practice, and industry standard, the County initially implemented a GFC to collect the costs associated with providing wastewater collection and treatment to new customers connecting to the system. However, as the County began a program to eliminate septic tanks and connect customers to the sewer system, the costs associated with extending service were collected through the additional charges. While the additional charges provided an equitable method to collect the costs associate with providing service, it increased the amount of charges and administrative effort related to processing new customers.
8.2 Future Modifications to the Financial Program Framework

A key aspect of the connection charge review was centered on the STEP areas and the current methods of establishing connection charges for customers in these areas. Given that the County is anticipating that the STEP program will be complete in 2015, a review of the connection charge methodology was important to the overall financing of improvements.

After reviewing the County’s current connection charge program, and discussing the program and system goals and objectives with County staff, several recommendations have been developed for the County’s program. Provided in the following sections is a summary of the recommendations.

8.2.1 Alternative Connection Charge Methodology

Given the multiple charges associated with new customers connecting to the system, and the approaching deadline for mandatory connection of properties within the STEP areas, the County is interested in alternative methods of establishing a cost-based connection charge. Revised Code of Washington (RCW) 36.94.140 provides the authority for the county to “fix, alter, regulate, and control the rates and charges for the service and facilities to those to whom such service and facilities are available, and to levy charges for connection to the system.” The RCW is silent on a specified methodology to use when calculating connection charges. After a review of the current connection charges, a method was proposed to simplify the County’s connection charge methodology.

Under the alternative approach the County would have two connection charges. The first would be the current GFC which would remain unchanged, except for increases based on the Engineering News Record (ENR) Construction Cost Index or updates to the charge based on new facilities added to serve growth, and to reflect the costs of treatment, certain pump stations, interceptors, and trunk lines. The second charge would be called a Uniform Local Line Charge (ULLC). The ULLC would reflect the costs of the infrastructure not included in the GFC that provides service to customers. This approach, maintaining the GFC separate from the ULLC, is necessary as customers may connect to the County’s system in a CFR funded STEP area, ULID funded STEP area, private developer funded area, or a currently unsewered area where various methods have been historically used to fund projects. Under the new approach, the ULLC for collection system costs could be applied for various customer connection scenarios, and would serve to simplify customer understanding and County administrative efforts.

Two approaches for calculating an appropriate ULLC have been considered. These are as follows:

1. The ULLC can be developed using a similar methodology as the current GFC. The basis for the charge would be the current collection infrastructure costs, excluding the cost of the collection system that was contributed/donated, based on the current County funding policy. The charge would also include the portion of future collection system capital improvements that benefit new customers that are not defined as general facilities. In developing the future facility cost basis, the facilities required to meet future needs are identified as listed in an approved CWMP. Since the CWMP typically looks out 20 years,
this is the time period that would generally be used to identify future facilities. The costs of existing and future collection facilities applicable to serve growth are combined to calculate the ULLC. The cost basis is then distributed over the applicable customer base (growth capacity). The County currently uses an ERU basis for assessing GFCs. This is a common method for assessment and should be maintained for purposes of the ULLC.

2. Alternatively, the ULLC could be developed based upon an analysis of the local collection system construction costs that existing customers have paid through the various County funding mechanisms. This could be done by calculating the average local collection system construction cost paid by new connections for each year over a certain historical period, and then determining the trend moving forward if such cost mechanisms remained in effect.

Both of the above approaches will be considered further utilizing the County’s existing financial rate model. After such an analysis, recommendations will be made regarding the ULLC methodology to be implemented. If a change in the connection charge methodology is made, the County will need to update the relevant sections of the Sewer Code 8.03 to reflect these changes. This would result in the trunk charge, special connection charge, and capital facilities rate being removed from the County’s charges and code, and additional language added regarding the ULLC. Implementation of the ULLC would result in Code changes to sections:

- 8.03.8100 – 8.03.8250 (CFR)
- 8.03.8280 (SCC)
- 8.03.8290 (Trunk Charge)
- New section addressing the ULLC

### 8.2.2 Customer Financing of Connection Charges

During the development of the current STEP program, the County provided a financing program for customers that allowed the connection charge (CFR) to be financed, with interest, over a 20 year period. Customers outside of STEP that are charged connection fees (SCC+GFC) are also provided the option of financing, with interest, over a 20 year period. In addition, customers connecting to the system that are charged only a GFC or have paid their SCC up front are provided the option to pay the GFC over a 24 month period interest free.

The final STEP program area was completed in 2013, resulting in the last financing period. However, as new connections are made or usage increases in the STEP areas, customers may be impacted by a substantial “catch-up” fee with no option for financing, even though financing may be available for other customers under different funding situations. As part of the connection charge review, it is recommended that the County continue to provide the long-term (20 year) financing program, with interest, to all customers when full connection charges (ULLC and/or GFC) apply. Further, the County should continue to provide the 24 month financing for the GFC; however, a nominal interest component should be included to reflect the County’s cost of financing the GFC over this time period.
8.2.3 Capacity Rental Charge

Another concern of the existing methodology is charging customers who utilized the system in a greater proportion than the connection charge initially paid. For example, the County charges non-residential customers who increase their wastewater flow a GFC to reflect the cost of their increased demands on the system. There may be situations where wastewater flow may be subject to substantial fluctuations due to operational changes or change of water use. Under the current approach, this would result in the purchase of capacity by the customer to serve the greater flow. If wastewater flow then later drops below the original purchased capacity for this customer, the customer is not refunded for the decrease in utilized capacity.

To alleviate this issue, the concept of a “capacity rental charge” option for non-residential properties that increase flow beyond the initial capacity purchased, but for whom water usage may reduce again in the future, has been discussed. This concept is intended to apply to properties that acknowledge the change in capacity needs, or sewer flow demand that may occur as properties’ tenants change over time and do not intend to purchase additional ERU’s. Under this approach, a non-residential customer would be charged a capacity rental charge for the capacity needs greater than what has been paid for through the GFC. The additional fee would reflect the cost of the GFC, and possibly other County connection charges, based on the current cost assumptions with periodic reassessment of sewer flows and associated adjustment to the capacity rental charge.

To implement the capacity rental charge, a framework of policy decisions needs to be developed. As a starting point, the following framework has been prepared for the County to assist in the development of a capacity rental charge program.

1. The program will apply only to non-residential customers and be applied on an incremental ERU basis. This assumes that all residential customers are, on average, 1 ERU. The County will need to confirm with its legal counsel that applying the program only to non-residential customers is consistent with the legal constraints of the program.

2. The increase in use will be monitored and the non-residential customer charged for use for each 1/10th of an ERU above the purchased capacity established for each customer based on historical records on an annual average usage basis.

3. The non-residential customer water records will be reviewed annually, or at the County’s discretion, and applied to the customer until the following review (i.e., one year).

4. The capacity rental charge will be updated annually and based on the value of the GFC for the following billing period.

5. The capacity rental charge will be in place for a period of one year, or until a County review of customer water records. If the annual review of the customer’s use is equal to or less than the current purchased capacity the capacity rental charge will not apply for the following year.

The capacity rental charge will need to be developed specifically for the County, to ensure proper implementation, that all legal requirements are met and to understand customer-specific impacts.
The County Sewer Code will need to be updated to reflect the implementation of the capacity rental charge. The revisions discussed for the ULLC would also need to address the capacity rental charge in existing code. Additional sections of code would need to be drafted to provide the basis for the charge, the method of calculation, and the applicable billing method(s).

### 8.3 Other Financial Policies and Key Program Considerations

In addition to the policies related to the County’s connection charges, several other areas have been identified as needing policy level attention. These areas and the policies developed for consideration have been split into two sections. The first section presents current financial policies while the second section provides recommended financial management policies for the County to consider for future implementation.

#### 8.3.1 Current Key Financial Policies

The County has existing financial policies in place which reflect current practices. This section discusses the key financial policies reviewed with County staff during development of the CWMP. If existing policies are adjusted, the applicable parts of the County Code will also need to be updated to reflect the changes. Provided below is a discussion of the existing policies reviewed.

1. **Time of review to correct ERU assumptions:** Periodically non-residential customer capacity demands change, or the customer changes type of use. In these cases it is important for the County to review the change in use and determine if payment of an incremental SCC and/or GFC is necessary to reflect the capacity use of the non-residential customer. Typically, a review of the customer’s water usage would be undertaken at the establishment of the change of business (e.g., permitting process); however, in some instances a customer’s use may simply increase based on growth or expansion outside of the County’s ability to be notified of any changes. As the County reviews water usage records, changes in use should be noted and investigated to determine if the customer changes should be made and if additional fees apply.

   **Policy (current/proposed):** If a customer’s wastewater generation increases at any time after a customer has paid a SCC and/or GFC, the Director (or Director’s designee) reserves the right to charge the customer the applicable fees for the additional flow. The County may review consumption records annually, or at their discretion, to determine if a change in flow has occurred.

**Additional Policy Considerations:**

- Change in connection charge policies related to the Capacity Rental Charge methodology.
- Timing of receiving water reads from water purveyors and impact on adjustments to customers.
- County Code may need to be updated to reflect proposed changes.
2. **Additional Living Units:** Similar to a customer change in use or business type, many residential customers may expand the uses on their residential property and add additional, stand alone, living units to accommodate additional occupants. As a result, during the permitting process, or if notified at a later date, the County should review the reason for the expansion and determine if payment of an incremental SCC and/or GFC should apply.

**Policy (proposed):** If a customer adds an additional, stand alone, living unit to the property greater than 350 sq. ft. and/or more than three fixture units (e.g., sink, toilet, shower), the customer will be charged a SCC or ULLC and/or GFC equal to the applicable multi-family dwelling unit charge. (Note: Additional analysis is required to refine the square footage and fixture count thresholds. The values included here are based on a review of other utilities’ policies.)

**Additional Policy Considerations:**

- Change in connection charge policies related to the Capacity Rental Charge methodology.
- Appropriateness of the square footage and fixture values.
- Ignore additional units as residential consumption varies depending on occupants and additional unit may not result in additional flow above average used in GFC calculation.
- County Code will need to be updated to include this financial policy.

### 8.3.2 Financial Management Policy and Practice Recommendations

As part of the financial policy review, and discussion with County staff, additional financial management policies and practice recommendations were developed for the County to consider. Provided below is a discussion of the recommended financial policies for the County.

1. **Timing for adjusting the Capital Charges** – A policy should be established to guide County staff in the timing of updating and adjusting the GFC, ULLC and/or other capital charges to reflect the appropriate costs.

   **Policy (proposed):** The capital charges shall be reviewed and adjusted if warranted after one or more of the following: adoption of a CWMP, a change in capital costs within the planning period, other unplanned infrastructure improvements, a change in growth assumptions, or if after six years the fee has not been reviewed. As part of the review County staff should review the components that determine the capital charges to ensure the recovery of the appropriate costs related to providing wastewater service.

2. **GFC reflective of cost of capacity:** The GFC should include each customer’s proportionate share of the cost of all existing General Facilities and future General Facilities planned for construction that are attributable to a customer seeking to connect to the system.
Policy (current/proposed): The GFC is based on the cost of providing a unit of capacity demand and is assessed to a new customer connection based on the proportionate share of the cost to provide service. A unit of capacity is based on 800 cubic feet or otherwise defined as one ERU. The charge is reflective of the cost of capacity for the wastewater treatment facilities, interceptors, trunks, major pump stations and associated forcemains.

3. Leak Adjustments: Sewer rates for non-residential customers are based on water consumption. As a result, if a customer has a water leak, the sewer bill may also reflect the increased water consumption. Given this, the County could experience non-residential customers requesting a reduction in their sewer bill to reflect the impacts of the leak on the sewer bill.

Policy (proposed): If a volume billed non-residential customer requests a leak adjustment and the adjustment has been approved by the water provider the County may provide an adjustment to the commercial customer’s bill. However, the maximum adjustment should coincide with the amount approved by the water provider and only for a period not to exceed one (1) year.

4. Side sewer Improvements: As part of reducing overall system inflow and infiltration (I&I) the County will need to develop a policy for side sewer improvements/repairs intended only to eliminate I&I issues.

Policy (proposed): If the County identifies a sewer lateral or side sewer on private property contributing high levels of I&I, the County may work with the customer to resolve the issue. The policy reflects the benefit of reducing I&I from side sewers and other infrastructure thereby maintaining the integrity of the system.

5. Calculation of Multi-Unit ERUs: Currently the County charges each living unit of a duplex 1 ERU, or the equivalent of a single family home. However, a triplex is charged 0.7 ERUs per living unit. The development of an ERU should be based on the determined unit of capacity. Ideally treating both customers in the same manner will be the most equitable from a GFC and monthly billing perspective.

Policy (proposed): The GFC should be calculated for all customers based on the estimated wastewater flow consistent with the calculation of the ERU. Once the ERU is calculated the estimated average flow for each customer, or customer class, can be used to develop the estimated per living unit ERU. The multi-unit customers ERU should be based on the calculated water use and flow on a per unit basis.

6. Development of Customer Class or Strength Based Rates: The strength of the wastewater received from customers impacts the treatment process. Given the historical decline in water consumption, and resulting reduction in sewer flows, the strength of wastewater has increased. These increases in wastewater strength will have an impact on the overall capacity of the wastewater treatment process. As wastewater strengths increase the County may want to develop rates by customer class that reflect the higher strength wastewater stream received from various customer groups, or develop rates based on the strength of the wastewater in addition to the current volume charge.
Policy (proposed): To ensure cost-based and equitable rates the County will consider the development of strength based rates, either by customer class or customer type, to reflect the cost of treating higher strength wastewater.

8.3.3 Additional Financial Management Policy Recommendations

The following definitions reflect current County definitions that have not been addressed in the preceding sections.

- **Equivalent Residential Unit:** An Equivalent Residential Unit (ERU) is a unit of equivalency used for the calculation of sewer charges. Each single-family residence is assigned one (1) ERU. A commercial or industrial customer is assigned one (1) ERU for each 800 cubic feet per month of metered water usage.

- **Sewer Project:** That area within the County’s sewer service boundary designated to receive public sewer through a County sponsored program financed by revenue, Limited Tax, G.O., or ULID Bonds. This project, together with the other projects scheduled for a given year, combine to form the Annual Sewer Construction Program for that year.

- **Sewer Service Fee:** A monthly Sewer Service Fee (including WTPCs) shall apply to all properties provided with sanitary sewer service by sewage facilities operated and maintained by the County, including those within subdivisions on interim sewage facilities. The property owner’s monthly Sewer Service Fee shall be calculated and billed in accordance with Spokane County Code 8.03.

- **Wastewater Treatment Plant Charge (WTPC):** The WTPC refers to the additional fee charged as part of the monthly sewer service utility bill, which is used primarily for regional wastewater treatment plan improvements. All WTPCs shall be deposited into a separate account from the sewer operation and maintenance fees.

The following policy discussion and recommendations reflect current County policies that have not been discussed in above sections.

- **Public Outreach:** The County has developed materials and a methodology to convey information to the public on the County’s proposed sewer construction schedules, financing program and associated property owner costs and payment procedures. The County should continue to refine this methodology as the program continues. The County’s public outreach program includes:
  - Annual preparation of a six-year CIP confirming the construction schedule of prioritized sewer projects for adoption by the Board of County Commissioners (BOCC) at a public hearing. The Notice of Public Hearing shall be advertised in accordance with the RCW to afford the public an opportunity to testify at the hearing.
  - Mail a letter to all property owners in the fall preceding the construction of a sewer project advising of an informational meeting. In addition to providing the details as to the time and place for the informational meeting, the letter shall also discuss the proposed sewer project construction schedule, anticipated costs, and payment provisions.
  - At the informational meeting, provide a comprehensive overview of the construction process, including: anticipated costs, payment provisions (including pre-payment options), obtaining and paying for additional or oversize stubs, and any additional costs associated with the future development of their property. In addition, “fact
sheets” with anticipated questions and answers will be available at the meeting for the attendee’s information/use.

- Mail “Stub Location Notices” to property owners approximately two months prior to the start of construction. Advise of a final “open house” meeting which the property owner may attend and meet with County representatives to discuss the positioning of their stub(s) or any other issues of concern, prior to the start of construction.

- Distribute a door-to-door flyer to properties one week prior to the anticipated date of construction on their street.

- Distribute a “Notice of Sewer Availability” to the properties served by a sewer project immediately upon release of the lines for connection. This notice advises property owners that they may secure a connection permit and proceed with the connection of their property to the sewer system.

- Send out a “Notice of One-Year Connection Period” to the properties served by the sewer shortly after project completion to notify property owners of the deadline for making their sewer connection, and providing contact numbers for information and assistance on permitting, financial assistance, and other related topics.

- Maintain Monthly Sewer Service Fee Structure that Adequately Support the Sewer Utility: Perform a detailed revenue requirement, cost of service, and rate analyses every two years to plan for the recovery of O&M, administration and billing, replacement, debt service, and treatment plant improvement costs. Recommend Sewer Service Fee adjustments as indicated for the consideration of the BOCC through the specified public hearing process.

- Billing Procedures for Rental Property and Commercial Lots with Multiple Uses: Payment responsibility is frequently shared or assigned by property owners to their rental or commercial tenants. GFC, CFR (or in the future, ULLC), and Sewer Service Fee bills will be sent to the property owner, who shall be responsible for securing reimbursement from tenants. The County will consider written requests from the owner to bill specific charges directly to the service address. However, timely payment of all charges is ultimately the responsibility of the owner.

- Advance Payments of Monthly Charges: An advance payment of an established or predetermined monthly charge (GFC, CFR or Sewer Service Fee) is acceptable. However, such advance payments shall be accompanied with written instructions as to which fee(s) (and the allocation if for more than one fee) the advance payment is to be applied against. Payments received in excess of the monthly utility sewer bill without written instructions, shall be applied to the current amount due on the property owner’s monthly billing. The excess payment will be applied to the property owner’s current charges in the following order: (1) current O&M due, (2) current CFR due, (3) current WTPC due, and, (4) current GFCs due. Any additional excess will then be reflected as a credit on the customer’s next utility bill(s).

- Delinquency and Collection Methods: Use current rate collection procedures for delinquent sewer service fees, GFC, and CFR payments. Delinquent sewer service fees, GFC, and CFR payments will accrue interest and penalties.

- Credit for Developer-Built Facilities within Future Sewer Projects, and Parcels with Prepaid General Facility Charges and/or Special Connection Charges: In some cases, a plat is developed within the boundary of a sewer project well in advance of the
sewer project. Owners of parcels within such a plat frequently pay indirectly, through the purchase of their parcel, for the construction of public sewers built by the developer. These parcels, with collection sewers already built by a developer and GFCs paid, shall be excluded from the calculation of CFR payments associated with the construction of the balance of the sewer system by the County within their sewer project. Accordingly, such property owners will not be billed for any CFR payments, unless there is a change in use of the property.

A developer, through a Sewer Connection/Extension Agreement, may be allowed SCC credits that may then be assigned by the developer to certain parcels within a future sewer project. In these cases, subject to the terms of the agreement, the County will apply those credits as designated by the developer when CFRs are billed by the County.

Alternatively, through a Sewer Connection/Extension Agreement, a developer may be entitled to reimbursements through a Latecomer Provision. In these cases, and when the agreement has not expired, the County will include the balance of the reimbursement amount in the total estimated program cost used to establish the CFR for the associated annual program. Reimbursement to the developer, subject to the specific terms of the agreement, will then occur when the County awards the construction contract for the balance of the associated sewer project.

Occasionally, a developer constructs a portion of the County’s sewer system that has been identified as a General Facility by the County. General Facilities are financed using GFCs. The County may enter into a Sewer Connection/Extension Agreement with the developer that includes a GFC reimbursement provision for the “oversizing” of the General Facility. Subject to the specific terms of the agreement, the County may reimburse the developer for the cost of oversizing the General Facility as GFCs are collected from properties that are served by that facility. If parcels within a sewer project are served by the General Facility, the County, subject to the terms of the agreement, will make an appropriate reimbursement to the developer from the GFC fund once the CFR billings for those parcels is commenced.

Note that Latecomer Agreements and GFC Reimbursement Agreements do not, in general, result in the full reimbursement to the developer of all costs related to sewer construction for a given development. For example, costs related to facilities that benefit only the development are excluded.

- **Requests for Additional Sewer Stubs:** To the extent that the County can accommodate such requests within the design of the project, the County will provide more than one stub or oversized stubs as requested by the property owner in conjunction with the construction of the sewer within that sewer project. However, the additional stub(s) will not be installed prior to receipt of payment for the stub(s). Payment is due prior to the start of construction of the sewer project. The additional stub charge shall be the rate in existence at the time of the construction of the sewer project that includes the property where the additional stub is to be installed.

The “Stub Location Notices” mailed out to property owners during final design of the project will advise that property owners may request more than one stub or oversized stubs, what the current stub rate charge is; and, that any subsequent requests for additional stubs will be denied for a period of five years once the paving associated with the sewer construction has been completed (in accordance with County Road Standards).
Considering local zoning and sound engineering practices, the County may install additional or oversized stubs to a parcel, even if not requested by the property owner. All such stubs will be initially financed by the County, and the costs included in the total cost of the associated sewer project.

- **Ensure that Citizens can continue to Initiate Utility Local Improvement District Formation through the Petition Method:** Continue to allow ULID formation using the citizen driven petition method as provided by RCW 36.94 as an option. This implies the County will seriously review, evaluate, and either approve or deny all petitions submitted.

  ULID petitions must generally be confirmed for validity not later than July 1st of the year preceding scheduled construction.

  If ULID petitioners want the construction of their project to occur before the construction date reflected in the CWMP, as amended by the annual CIP, they shall pay the total assessment for construction costs without County financial participation.

- **Retain Subsidy Level at 25% of CFR Charges:** Retain the level of County financial participation at 25% for the Sewer Program. Note that this will no longer be effective if the County transitions to the ULLC approach.

- **Special Connection Charge Determination for Parcels Connecting to Collection Facilities Built Exclusively without County Monies:** SCCs will not be collected from new customers outside of the Sewer Program if: 1) they are connecting directly to a designated General Facility interceptor, or 2) all collection lines downstream of their connection were constructed without County funds, and if no Latecomer Agreements are applicable to the connection.

  GFCs will be collected from all new customers as specified in Ordinance Chapter 8.03.

- **Subsidies for New Construction:** Spokane County should evaluate and develop a policy to phase out GFC subsidies for new development. It is recommended that new development pay its own way for the cost of providing General Facilities, as well as the local sewer collection system. The County may establish a GFC subsidy for future projects related to unsewered, developed areas as a means to support septic tank elimination in certain areas.

- **Charges for Connection to County Built Sewer Extensions in Future sewer Project Areas (Accelerated Portions):** When the construction of a sewer line is accelerated in a future sewer project area, the County's cost of construction will be added to the total construction cost of the appropriate Annual Sewer Construction Program. Adjacent property owners within the future sewer project area may connect to the accelerated sewer once it is released for connections, provided they pay the required SCC and GFC. Those property owners will then be released from the requirement to pay a CFR when the balance of the sewer project is constructed.
Figures

8-1  Spokane County Division of Utilities Sewer System General Facilities