

## SE 20<sup>th</sup> Sewer Extension 212<sup>th</sup> Avenue SE to 228<sup>th</sup> Avenue SE Frequently Asked Questions

### *Why is the Water and Sewer District rushing to construct the sewer this year?*

The City of Sammamish has committed to constructing sidewalks and bike lanes along SE 20<sup>th</sup> in 2009. Construction of the sewer before construction of the sidewalks and bike lanes is cheaper and avoids damaging and restoring the newly-constructed sidewalks and bike lanes. To avoid the future disruption to their improvements in January 2009 the City of Sammamish requested the District strongly consider installing the sewers in conjunction with the sidewalk project.

### *How does the Water and Sewer District decide when to construct a sewer?*

There are three primary reasons that sewers get built in the District.

1. A developer extends the sewer as part of developing a subdivision or other type development. The developer pays the initial capital cost, but can be reimbursed for some of the costs when others along the installed sewer connect for sewer service.
2. A majority of property owners in a neighborhood request sewers be extended into their neighborhood. This can be done through either a Utility Local Improvement District (ULID) or Neighborhood Sewer Program (NSP).

ULID: In a ULID 60% of the area must support the project, and

- 100% of the area will pay for the project through assessments against their property. The assessments can be paid off over a period of up to 15 years.
- No one is required to connect to the sewer.
- The District provides the money to pay the contractor and is paid back through the assessments. The payback period is 15 years.

NSP: In a NSP 50% of the area must support the project.

- Only those supporting the NSP are required to pay for the project initially. The sewer connection charges are paid in a lump sum.
- Those supporting the NSP are required to connect to the sewer.
- The District provides the money to pay the contractor, and is paid back initially by those supporting the NSP, and later by other properties when they decide to connect for sewer service. The payback period may exceed 15 years.

3. The District installs the sewer as a Capital Improvement Project (CIP). The reason for the CIP may be due to other agencies projects, such as road improvements in the area, or for a need associated with sewer service to a large area of the District.

The District provides the money to pay the contractor and is paid back through the collection of Local Facility Charges when properties along the installed sewer

connect for sewer service. The District obtains the money for these projects through existing funds from sewer customer rates or through the sale of bonds.

### *Which kind of project is the SE 20th Sewer Project?*

As currently proposed, the SE 20th Sewer Project is a Capital Improvement Project. This project was initially expected to be installed as a neighborhood project, and the District did not allocate capital funds for this project's construction in 2009.

The shift to a CIP occurred based on the City of Sammamish request in early 2009.

To assist with initial funding the District has requested property owners to consider committing to pay for their share of the project. Without some commitments, the District may find that burdening its existing sewer customers with the cost of funding the project alone is not appropriate.

### *Why aren't the sewers being installed as part of the City's sidewalk and bike lane project at no cost to the property owners?*

Unlike the City, which gets its revenue from property taxes, sales tax, and other revenue sources, the District gets its revenue only from connection fees and from water and sewer rates.

Properties that already receive sewer service from the District paid their pro-rata share of the cost of the sewer mains that provide the service to their property as part of their connection charges. This share is called the Local Facility Charge (LFC).

The City of Sammamish has not collected any taxes or fees that would be directed toward sewer facilities.

### *Why doesn't the Water and Sewer District wait to install the sewer until the majority of the property owners want sewer service?*

The decision of whether or not to install the SE 20th sewer project in 2009 is expected to be made at a July 6<sup>th</sup>, 2009 Board of Commissioners meeting. The Board will be considering the current cost of construction, the community support for installing the sewer at this time, and the cost increases that would result, \$750,000 to \$1 million or more, if construction is delayed until after the City sidewalk and bike lane improvements.

The cost for each property will be significantly greater if the District constructs the sewer after the City constructs the sidewalks and bike lanes. The 2009 SE 20th Sewer project represents a unique opportunity to:

- ✓ Construct the sewer without being required to repave the road, a savings of nearly \$500,000. [The City will be repaving the road with the sidewalks and bike lane project.]
- ✓ Avoid restoration of the sidewalks and bike lanes that would add an additional \$500,000 to the construction cost if the sewer was constructed later.
- ✓ Take advantage of the current construction costs, which are significantly less than they have been in recent years due to the downturn in the economy.

*If the Water and Sewer District doesn't construct the project now, what will be the impact on the new sidewalks and bike lanes when sewer is constructed in the future?*

The sewer would be constructed in the roadway (in the center of the eastbound lane on SE 20<sup>th</sup> Street). The sidewalks and bike lanes will be impacted where side sewer stubs are extended from the sewer line to serve the individual properties. The sidewalk panels will be removed to install the side sewer stubs, and new sidewalk panels will be reinstalled. The bike lanes will be part of the roadway surface, and the bike lanes and the road will be repaved at the end of the sewer construction.

*The property owners voted the sewer down. Why is the Water and Sewer District continuing to pursue the sewer project now?*

Sewer service to the Pine Lake area has been being discussed in some form since the mid 1970's. The more recent discussions along SE 20th started in earnest after the sewers were installed in 228th Ave SE in 2002 and at 212th Ave SE in 2006.

The District has been discussing sewer service with the property owners along SE 20<sup>th</sup> by conducting informational meetings, distributing questionnaires, and providing informational letters and website updates. The scope of these discussions ranged from the entire SE 20th sewer basin to much smaller sections. The current discussion is for the entire length of SE 20th, but only those properties that have direct access to SE 20th.

Sewer Questionnaires were distributed in 2004, 2006, and most recently in the Fall of 2008 after learning of the City of Sammamish Non-Motorized Improvements project. Questionnaires are advisory and not a true vote. In a Utility Local Improvement District (ULID) a vote is done by a formal petition. In a Neighborhood Sewer Project (NSP) a vote is done through provision of a Commitment Agreement.

The most recent 2008 Questionnaire was distributed to the entire SE 20th basin of 163 properties. Of the 163 sent out, 110 questionnaires were returned and 47 of the property owners were interested in sewer at this time. [Of the 74 properties on SE 20th, 50 returned the questionnaires and 26 of those indicated an interest in sewer.] These results indicated that there was not enough support to build the sewer through a either a ULID or NSP.

However, many property owners and the City of Sammamish expressed concern that if the sewer was installed after the sidewalks and bike lanes (non-motorized improvements), most of the sidewalks, all of the bike lanes, and the newly-paved road would have to be reconstructed as the sewer service lines were extended to each of the 74 properties along SE 20<sup>th</sup> Street. This would increase the cost of the sewer project by \$750,000 - \$1,000,000, and the increase would be passed along to the property owners. Inflation will also impact the cost.

*If the sewer is not installed before the City sidewalk and bike lane project, when will it be installed?*

Unless there is some situation that changes the majority of property owners' desire for sewer service, it is unlikely a sewer project would be considered for SE 20th for

the next 10-15 years. Impetus for a sewer project on SE 20th would again likely need to come from either the property owners or be associated with a City road project. SE 20th is not currently included in any City Road Improvement Program.

*I only had a week to make a decision whether to pay the LFC. This is a huge financial commitment. Why can't I have more time?*

The deadline to return your Commitment Agreement has been extended until **Monday July 6, 2009**.

The deadline coincides with the meeting at which the Board is expected to make a decision on whether to proceed with construction of the SE 20th Sewer project. This was originally scheduled for June 22nd, and has been extended until July 6th. The executed Commitment Agreements tell the Board how much community financial support there is for the sewer project.

If the Board does proceed with construction you will have until **December 31, 2009** to sign the Commitment Agreement and take advantage of the LFC cost that has a maximum cap included, and does not include interest.

*Is the cost of the LFC on the Commitment Agreement guaranteed?*

There are two LFC figures included in your Commitment Agreement (and letter dated June 11, 2009).

“Estimated Property LFC” and “Maximum Property LFC”

The Estimated figure is your pro-rata share of the SE 20th Sewer Project cost based on design costs, construction bids, and estimated costs for inspection, permits and a 10 Percent contingency on the construction bid.

The Maximum figure is the Estimated cost plus 10 percent.

If you sign a Commitment Agreement and the project is installed, your LFC will not be higher than the Maximum Property LFC. If the construction goes well it is very probable the Property LFC will be lower than the Maximum and possibly be less than the Estimated Property LFC.

*If I sign the Commitment Agreement, does that place a lien on my property?*

The Commitment Agreement is a contract, and when you sign the Agreement you have a contractual obligation to pay the Property LFC. If you do not pay the LFC per the terms of the Agreement, within 60 days of notification that the sewer project has been completed, a lien will be placed on the property at that time.

*If I DON'T sign the Commitment Agreement, will an assessment or lien be placed on my property?*

All properties within the SE 20th Sewer Project area will have a notice recorded on their property stating the SE 20<sup>th</sup> LFC. It will not state whether the property has made any specific agreement to pay the fee, or connect to sewer, or whether the

property has paid or connected to the sewer system. The notice is not considered an assessment or a lien. [Assessments are used for Utility Local Improvement Districts.]

*My septic system is working fine, and I don't need sewer. Will I be forced to connect?*

Under current District and City policies, you will NOT be forced to connect unless:

- Your septic system fails
- Your property has a Future Sewer Connection Agreement
- Your lender requires connection (New FHA and VA loans frequently require sewer connection)
- You want to remodel your house in such a way (such as adding a bedroom) that modifications to your septic system would be required

*What is a Future Sewer Connection Agreement?*

Starting in 1995, the King County Comprehensive Plan required that new construction in the Urban designated area be connected to sewer. If sewer service is not available at the time of construction, the property owner must sign a Future Sewer Connection Agreement.

The Future Sewer Agreement requires that the property connect to sewer within 5 years of being notified by the District that sewer service is available to serve their property. The age and condition of the on-site septic system are not considered in this decision. The Future Sewer Agreements are recorded on the property. Those properties along SE 20<sup>th</sup> that have executed Future Sewer Connection Agreements will be required to pay for and connect to sewer within 5 years (by 2015).

*If I have a Future Sewer Connection Agreement, will a lien be placed on my property?*

The Future Sewer Connection Agreement is a contract, and when you sign the Agreement you have a contractual obligation to pay the sewer connection charges and connect to the sewer within 5 years of being notified that sewer service is available for the property. If you do not pay per the terms of the Agreement a lien will be placed on the property at that time.

*If I sell my property, do I have to connect to sewer?*

You do not have to connect to sewer just because the property changes ownership. However, your lender may require connection to the sewer system.

*I can't afford to pay the LFC all at once. Can I pay it off over a period of time?*

The District has a financing program to allow property owners to pay a portion of their LFC over time, either 10 or 15 years. The property owner is required to pay a \$250 administrative fee and 10% of the LFC at the time of application, and to sign a financing agreement that places a lien on the property. The District charges an annual interest rate of 8%, and collects monthly payments. The financing program is not intended to compete with other lenders, and encourages property owners to seek other financing methods that may have more favorable terms.

*I can't afford to connect to sewer in this economy. How much does my Local Facility Charge increase if I wait, say 5 years?*

If the District constructs this sewer project, it will need to obtain funding from bonds and pay interest on those bond payments. The District will pass the interest costs on to those property owners who pay their LFC in the future (after December 2009). The District estimates that the interest cost will be about 6%. For example, for a \$35,000 LFC, the LFC will increase by \$2,100 each year, to \$45,500 in 5 years.

*How much does it cost to connect my house to the sewer main?*

The cost to connect the house to the sewer main is paid for by the property owner to a side sewer contractor. The cost can vary dramatically due to length, difficulty of construction, obstructions such as trees, restoration requirements, and whether it is a gravity side sewer or if a grinder pump system is required. The District has a list of side sewer contractors licensed to work in the District available on its website, and you could contact them to discuss your specific situation. The side sewer contractors have not provided past side sewer costs to the District, but the District believes that gravity side sewers typically cost between \$1,000 and \$10,000, and grinder pump systems cost between \$7,000 and \$9,000. Please evaluate your specific situation for more specific costs.

### **Questions and Comments**

If you have questions or comments, please contact Kyle Wong, Project Manager, Sammamish Plateau Water and Sewer District at (425) 392-6256 ext. 203, or [kyle.wong@sammplat.wa.org](mailto:kyle.wong@sammplat.wa.org).