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6 RESOLUTION NO. R2007-54
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9 **A Resolution of the Pierce County Council Expressing its Intent to**
10 **Implement an On-site Septic Repair Loan Program by**
11 **Accepting a State Revolving Fund Loan Requiring**
12 **Repayment and a Centennial Clean Water Grant From the**
13 **Washington Department of Ecology; and Directing the Pierce**
14 **County Public Works and Utilities Department, the Tacoma-**
15 **Pierce County Health Department, and the Pierce County**
16 **Community Development Corporation to Accept, Administer**
17 **and Financially Assure the Loan Program Against Default.**
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19 **Whereas**, there are over 80,000 on-site septic systems throughout Pierce
20 County, which when properly designed, installed and maintained can be effective
21 means for treating waste; and
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23 **Whereas**, occasionally septic systems fail causing surface and/or ground water
24 pollution and impairing environmental and public health and creating liabilities for the
25 County under its municipal stormwater National Pollutant Discharge Elimination System
26 (NPDES) permit; and
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28 **Whereas**, there are approximately 300 reports annually of inappropriate and/or
29 failing septic systems in unincorporated Pierce County, which can involve expensive
30 repairs or replacements; and
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32 **Whereas**, failing septic systems in marine shorelines can result in shellfish
33 harvest closures and/or cause surface waters to be included on the State's list of
34 polluted water bodies; and
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36 **Whereas**, costly repairs of failing septic systems may cause economic hardship
37 on Pierce County residents; and
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39 **Whereas**, the Council adopted the Key Peninsula/Islands Basin Plan by
40 Ordinance No. 2006-102 that includes a programmatic action to create a fully functional
41 shellfish protection program as a means to protect water quality with the Department of
42 Public Works and Utilities Department, the Tacoma-Pierce County Health Department
43 and the Pierce Conservation District. One of the necessary program components is
44 making financial assistance available to property owners of failing septic systems; and
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1 **Whereas**, the Department of Public Works and Utilities Department, the Tacoma-
2 Pierce County Health Department and the Pierce Conservation District have been
3 cooperating to protect water quality under the Shellfish Partners Initiative; and
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5 **Whereas**, the Tacoma-Pierce County Health Department has made application
6 to the Washington Department of Ecology for a State Revolving Fund loan and a
7 Centennial Clean Water Fund grant to create a Pierce County low interest loan and
8 grant program to fund the repair and/or replacement of failing septic systems for water
9 quality improvement but lacks the ability to financially assure loan repayment; and
10

11 **Whereas**, the Governor of the State of Washington has proposed a Puget Sound
12 Initiative to cleanup Puget Sound by 2020 and one key element of that initiative is to
13 institute locally-administered low interest loan and grant programs for onsite septic
14 system repairs; and
15

16 **Whereas**, the Tacoma-Pierce County Health Department is a Shellfish Partner
17 and has the technical resources and legal authority to identify failing septic systems and
18 to rectify by education, maintenance and operation, and enforcement and these
19 functions would be enhanced by having a financial assistance function for property
20 owners; and
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22 **Whereas**, the Public Works and Utilities Department – Water Programs Division
23 is a Shellfish Partner and has begun to implement those recommendations of the Key
24 Peninsula/Islands Basin Plan for water quality improvements; and
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26 **Whereas**, the Pierce County Community Development Corporation currently
27 administers a low interest low program under the Housing and Urban Development
28 Department and has the technical and administrative resources required for preparing
29 underwriting reports, processing and administering loans and processing repayment;
30 and
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32 **Whereas**, a partnership has been created between the Tacoma-Pierce County
33 Health Department, Public Works and Utilities Department and the Pierce County
34 Community Development Corporation for the purposes of administering a low interest
35 loan program for onsite system repairs and replacement; **Now Therefore**,
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37 **BE IT RESOLVED by the Council of Pierce County:**
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39 Section 1. The Public Works and Utilities Department – Water Programs Division
40 is authorized to entered into a grant and loan agreement with the State Department of
41 Ecology for the purposes of establishing and administering the on-site septic system
42 repair and replacement grant and loan program for Pierce County. The Council
43 acknowledges this agreement with the Department of Ecology requires repayment of
44 the State Revolving Fund Loan with up to 2.6 percent interest in equal semiannual
45 payments over a twenty-year term.
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1 Section 2. The Tacoma-Pierce County Health Department, the Public Works and
2 Utilities Department – Water Programs Division and the Pierce County Community
3 Development Corporation are authorized to cooperate and collaborate on the
4 establishment and administration of a Pierce County low interest loan and grant
5 program for the repair or replacement of failing septic systems, substantially as in the
6 same or similar form as set forth in Exhibit A, which is attached hereto by reference.
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8 The focus of the program shall be to repair or replace failing systems: (1) within
9 marine shoreline areas that have the potential to impact private, recreational or
10 commercial shellfish areas; (2) in marine or freshwater shoreline areas associated with
11 federal Clean Water Act 303d-listed waterbodies; (3) in areas that discharge polluted
12 waters to Pierce County’s storm and surface water management system; and (4) in
13 other areas of unincorporated Pierce County determined by the Partners, in that priority
14 order.

15 **ADOPTED this _____ day of _____, 2007.**

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19 **ATTEST:**

PIERCE COUNTY COUNCIL
Pierce County, Washington

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24 _____
25 **Denise D. Johnson**
26 Clerk of the Council

Terry Lee
Council Chair



Pierce County Septic Repair Loan & Grant Program Roles and Responsibilities

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Pierce County Community Development Corporation (“CDC”)	Tacoma Pierce County Health Department	Public Works and Utilities Water Programs
<p>Duties:</p> <ul style="list-style-type: none"> • CDC staff to take customer loan application, and provide all required disclosures. • CDC staff to obtain financial information on borrower including income, assets, and credit to verify all information on loan application. • CDC staff to order preliminary title to verify liens and encumbrances on the property, and provide staff estimate of property value. • CDC staff to credit underwrite loan. • CDC staff to prepare underwriting summary to Public Works for approval. • CDC staff to prepare Deed of Trust, Promissory Note, and TIL Disclosure. * <u>Content to be approved by Public Works</u> • CDC staff to record Deed of Trust and get final title policy on loan. • CDC staff to issue payment to the contractor with Health Department approval. • CDC staff to service loan payments, & enforce terms of the loan. • CDC staff to issue checks to Public Works upon loan payoff, & loan payments. 	<p>Duties:</p> <ul style="list-style-type: none"> • Provide referrals to the CDC. • Provide technical assistance to borrower in getting the septic design, and bids on septic installation. • Complete final inspection on septic, and authorize payment to the contractor. • Provide the Department of Ecology with any reporting requirements of the program. • Provide marketing materials as needed. 	<p>Duties:</p> <ul style="list-style-type: none"> • Provide referrals to the CDC. • Approve/Decline all loans with underwriting summary provided by CDC staff. • Transfer funds to CDC when needed. • Make payments back to the Department of Ecology as agreed upon in contract, and provide loan guarantee as required by contract. • Provide the CDC with loan terms including interest rate, term, payments, conditions, and default provisions. • Review CDC loan documents to ensure Dept of Ecology loan requirements are met. • Pay the CDC a \$1,000 administrative fee per loan closed. • Advise CDC staff on appropriate action for loans in default. Assume costs if legal action is needed to enforce loan terms.

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