



PUBLIC WORKS & UTILITIES DEPARTMENT - POLICY AND PROCEDURES

SYSTEM DEVELOPMENT CHARGES and DEVELOPER REIMBURSEMENT AGREEMENTS PW-208

1.0 PURPOSE:

- 1.1 To establish the procedures and tools to administer the System Development Charges for the Water and Wastewater Utilities.
- 1.2 To establish procedures for administration of Developer Reimbursement Agreements.

2.0 ORGANIZATIONS AFFECTED:

- 2.1 Public Works & Utilities Department Engineering staff

3.0 POLICY:

- 3.1 Engineering personnel shall check all plans for sewer and water connections and determine which sewer and water assessment or development charges are appropriate in accordance with Ordinances Nos. 2746, 2888 and 3035.
- 3.2 All assessment and development charges shall be in accordance with adopted ordinances and agreements.

4.0 DEFINITIONS:

- 4.1 **Equivalent Water Meter** is a water service connection to a residential unit, commercial use, or industrial use, consisting of a 3/4 (or 1" after Jan. 1, 1994) inch diameter service line with a 5/8 inch or 3/4 inch meter.

5.0 PROCEDURES:

- 5.1 Permit Technician shall review plans submitted for development and determine the applicability of sewer and water assessment or developer reimbursement agreements.
- 5.2 Information on charges shall be given to developer as soon as practical through the site review process.
 - 5.2.1 The Fact Sheet may be used to help educate the public about the charges and amounts.
- 5.3 If reimbursement of a particular sewer or water line appears to be a possibility, then the City Engineer should be brought into the discussion.
 - 5.3.1 The application for developer reimbursement is form PW-0208_08.
 - 5.3.2 The Checklist for Developer Reimbursement Agreements, form PW-0208_07 shall be used to track the process for establishment of a Developer Reimbursement Agreement in accordance with Ordinance No. 2732.

6.0 APPENDIX:

FORMS:

- | | | |
|----|--|--------------------|
| 1. | System Development Charge and Developer Reimbursement Fact Sheet | 0208_01.doc [4/06] |
| 2. | Notice of Development Reimbursement Agreement | 0208_02.doc [4/06] |
| 3. | Developer Reimbursement Agreement | 0208_03.doc [4/06] |
| 4. | Description and Cost of Improvements | 0208_04.doc [4/06] |
| 5. | Developer Reimbursement Charge | 0208_05.doc [4/06] |
| 6. | Certification of Payment and Release | 0208_06.doc [4/06] |
| 7. | Checklist for Developer Reimbursement Agreements | 0208_07.doc [4/06] |
| 8. | Application for Developer Reimbursement Agreement | 0208_08.doc [4/06] |

REFERENCES:

1. System Development Charge for Water and Sewer Ordinance Nos. 2746, 2888, 3035
2. Developer Reimbursement Agreements and Procedures Ordinance No. 2732
3. Fees for administration of Developer Reimbursement Agreements Resolution No. 47-92

SYSTEM DEVELOPMENT CHARGE and DEVELOPER REIMBURSEMENT FACT SHEET

A. SYSTEM DEVELOPMENT CHARGE

Owners of property newly connecting to the City's water and/or wastewater system are assessed system development charge(s), and in some situations a developer reimbursement charge. The System Development Charge Ordinances No. 2746 and 2888 (PAMC 13.69) were passed for the purpose of recovering a proportionate share of the actual capital costs of water and wastewater facilities from those properties in the utility service area which, as a part of their development and use, create a need for the facilities.

Property owners that construct a residential or commercial/industrial structure on a previously undeveloped lot will pay a system development fee for the water and wastewater connection plus other appropriate assessments*. These fees are in addition to permit fees and the connection charges or tap charge for the actual cost of connecting to the city's water and/or wastewater systems and in addition to all other charges imposed by ordinance.

The system development charges are based on an equivalent water meter factor. This is defined as: "Equivalent water meter" shall mean a water service connection to a residential unit, commercial use, or industrial use, consisting of a 3/4" (1" after Jan. 1, 1994) diameter service line with a 5/8" or 3/4" meter.

If the water and/or wastewater line giving service to the property had been previously paid for by special assessment or lump sum payment, the property shall be exempted from the fee. In all new subdivisions, approved after the effective date of Ordinance No. 2746 (February 12, 1993), the system development charge must be paid.

* An example of this is Ordinance No. 2618, which established a charge for connection to the Milwaukee Drive trunk sanitary sewer between 10th Street and 18th Street which is in addition to other sewer assessments. These types of assessments, if applicable, are specific to the location of the property, and will be identified during the permitting process.

B. DEVELOPER REIMBURSEMENT

The Developer Reimbursement Agreement is a written contract between the City, as approved and executed by the City Engineer, and one or more property owners. The Agreement provides for construction of water, wastewater, storm water and/or street system facilities, and for partial reimbursement to the party causing such improvements to be made, of a portion of the costs of such improvements by owners of property benefited by the improvements. This reimbursement arrangement is authorized and described in Chapters 35.72 and 35.91, RCW and is adopted by the City by Ordinance 2732 (PAMC 13.68).

The Developer Reimbursement Charge or Assessment is the fair pro rata charge to be paid by an owner of property within an area benefited by the private construction of municipal water, wastewater, storm water and/or street system improvements.

The purpose of the Developer Reimbursement Ordinance No. 2732 is to define rules and regulations for executing contracts between the City and developers for private construction of municipal water, wastewater, storm water and street system improvements, by providing means for partial cost recovery through a charge to later users of the systems who did not contribute to the capital costs thereof, and for establishing assessment reimbursement areas defining which property is subject to such charges.

SYSTEM DEVELOPMENT CHARGE and DEVELOPER REIMBURSEMENT FACT SHEET

The Developer Reimbursement is based on the assessment reimbursement area or benefit area. This is defined as:

Assessment Reimbursement Area or Benefit Area means that area within the City or within 10 miles of the city limits, which area includes parcels of real estate adjacent to, or likely to require connection to, or service by, the water, wastewater, storm water, and/or street system improvements constructed by a developer who has applied to the City for a Developer Reimbursement Agreement pursuant to Ordinance No. 2732.

Any property owner who uses private funds to construct water, wastewater, storm water and/or street system improvements, where the cost of construction is greater than four thousand (\$4,000), said limit to be adjusted annually in accordance with the ENR (Engineering News-Record) Construction Cost Index for Seattle, in the City or within the City's utility service area, to connect to existing city water, wastewater, storm water or street systems for the purpose of serving the area in which the real property of such owner is located, may apply to the City to establish a developer reimbursement agreement in order to recover a pro rata share of the costs from subsequent users of the system(s).

The costs of construction are those costs incurred for design and inspection, acquisition of right-of-way and/or easements, labor, materials and installation, as required to create an improvement which complies with city standards.

Development reimbursement may be assessed for the following areas:

1. **Street System Improvements of Facilities:** The acquisition of right-of-way and/or easements, design, inspection, grading, paving, installation of curbs, gutters, sidewalks, street lighting, traffic control devices and other similar improvements, in accordance with city standards.
2. **Water, Wastewater and Storm Water System Improvements or Facilities** including the acquisition of right-of-way and/or easements, design, inspection, and installation of improvements to city standards, includes the following:
 - a. Water system improvements includes such things as reservoirs, wells, mains and appurtenances such as valves, fire hydrants, telemetry stations, pumping stations, and pressure reducing stations.
 - b. Wastewater system improvements include such things as treatment plants, mains, manholes, pump stations, force mains, and telemetry stations.
 - c. Storm water system improvements include such things as mains, retention/detention facilities, pumping stations, inlets, catch basins, and manholes.

The full text of the System Development Charge Ordinance No. 2746 and 2888, and the Developer Reimbursement Ordinance No. 2732 may be obtained from the Public Works & Utilities Department.

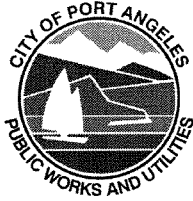


EXHIBIT A
Preliminary _____ Final _____

**NOTICE OF DEVELOPER REIMBURSEMENT
AGREEMENT AND CHARGE
DRA # XX-XX**

NOTICE IS HEREBY GIVEN pursuant to the Developer Reimbursement Ordinance, Chapter 13.68 of the Port Angeles Municipal Code, a copy of which is attached hereto as Exhibit C. The City of Port Angeles, Washington, is levying a charge on property which is located within the Assessment Reimbursement Area identified in the attached Exhibit E and which is served by the water, sewer, storm sewer and/or street system improvements constructed and paid for by a private developer, the description and cost of which improvements are set forth in the attached Exhibit D.

This charge is for the purpose of reimbursing the developer who constructed the improvements and shall be in force and effect for up to fifteen years from the date of recording the Developer Reimbursement Agreement with the Clallam County Auditor; provided that, if the developer is reimbursed for the cost of the improvements prior to the expiration of the fifteen-year period, then further developer reimbursement charges and payments shall not be made. The amount of the charge is based on the fair pro-rata share of the cost for each parcel served by the improvements and is calculated and set forth, together with the rate of interest and administration costs, in the attached Exhibit F.

This charge shall be paid to the City prior to any development of property within the Assessment Reimbursement Area identified in Exhibit E, which development requires connection to, or use of, said improvements pursuant to City ordinances. **Owners of property within said area shall have all rights and options set forth in the Developer Reimbursement Ordinance including the right to request a public hearing with regard to the area boundaries and assessments, before the City Council within twenty days of the mailing of the preliminary version of this notice.**

Upon final approval of the developer reimbursement agreement and charge and the assessment reimbursement area, the final version of this notice will be filed for record, together with the Developer Reimbursement Agreement attached hereto as Exhibit B, in accordance with the provisions of Chapters 35.72, 35.91 and 65.08 of the Revised Code of Washington.

DATED this _____ day of _____, 20_____ .

CITY ENGINEER

ATTEST:

CITY CLERK

- Exhibit A - Notice of Developer Reimbursement Agreement and Charge
- Exhibit B - Developer Reimbursement Agreement
- Exhibit C - Developer Reimbursement Ordinance
- Exhibit D - Description and Cost of Improvements
- Exhibit E - Assessment Reimbursement Area
- Exhibit F - Developer Reimbursement Charge



EXHIBIT B

DEVELOPER REIMBURSEMENT AGREEMENT DRA #XX-XX

THIS AGREEMENT is entered into this ____ day of _____, 20____, by and between the **CITY OF PORT ANGELES**, a municipal corporation, hereinafter called the "CITY" and _____, their heirs, successors, and assigns, hereinafter called "OWNER".

WHEREAS, OWNER has constructed at its own cost and expense certain municipal water, sewer, storm sewer, and/or street system improvements; and

WHEREAS, the CITY has established an assessment reimbursement area within which owners of property are required to reimburse OWNER for the pro rata cost of said improvements whenever such property is developed in a manner that said improvements would be required pursuant to City ordinances; and

WHEREAS, OWNER has offered and the CITY has accepted said improvements in accordance with the provisions of Chapter 13.68 PAMC and the terms of this Agreement; now, therefore,

In consideration of the above representations and the following covenants and agreements, the parties hereby agree as follows:

Section 1. This Agreement and the City's Developer Reimbursement Ordinance, Chapter 13.68 PAMC, a copy of which is attached hereto as Exhibit C, shall establish the rights and duties of the parties with regard to reimbursing the OWNER for those improvements, the cost and description of which is set forth in the attached Exhibit D.

Section 2. This Agreement shall be in effect for a period of fifteen years from the date of its recording with the Clallam County Auditor; provided that, if the developer is reimbursed for the cost of the improvements prior to the expiration of the fifteen-year period, then further developer reimbursement charges and payments shall not be made.

Section 3. The charges that are subject to this Agreement shall be levied against the property within the assessment reimbursement area identified in the attached Exhibit E, in the amount calculated and set forth in the attached Exhibit F.

Section 4. OWNER agrees that the CITY shall not be responsible for the collection of any developer reimbursement charges other than in the manner provided by the Developer Reimbursement Ordinance.

Section 5. OWNER shall give notice to property owners who are subject to the developer reimbursement charge in accordance with the procedures of Chapter 13.68 PAMC using the Notice form attached hereto as Exhibit A.

Section 6. The CITY shall within sixty (60) days of receipt transmit developer reimbursement payments, less the CITY administrative fee and cost of defective work, if any, to the OWNER.

Section 7. OWNER represents and covenants that the necessary easements pertaining to these facilities have been submitted to and approved by the CITY and recorded concurrently with this Agreement and that such easements conform exactly to the as-built construction drawings. Upon the execution of this Agreement by both parties hereto, OWNER shall convey free and clear of all encumbrances to the CITY the aforementioned facilities with rights-of-way and/or easements, including maintenance easements, for all such facilities.

Section 8. OWNER shall supply the CITY with a maintenance guarantee bond or equivalent acceptable to the CITY in the amount of ten (10) percent of the value of the improvements conveyed by the OWNER to the CITY to be in effect for a period of one year from the date of final acceptance of the improvements by the CITY. Said bond shall be executed by a surety company authorized to do business within the State of Washington and shall be subject to the approval of the CITY.

Section 9. If prior to the expiration of one year after the date of acceptance of the improvements, any work is found to be defective, the OWNER shall promptly, without cost to the CITY, and in accordance with written instructions issued by the City Engineer, either correct such defective work, or, if it has been rejected by the City Engineer, remove and replace it with non-defective work. If the OWNER does not promptly comply with the terms of such instructions, the CITY may have the defective work corrected or the rejected work removed and replaced and may enforce its rights under the maintenance guarantee bond. All direct and indirect costs of such removal and replacement not reimbursed pursuant to said bond, including compensation for professional services, shall at the City's option either be paid by the OWNER to the City and/or withheld from the developer reimbursement charge transmittals to the OWNER.

Section 10. This Agreement shall become effective upon satisfactory completion by the OWNER and acceptance by the CITY of the construction of the facilities conveyed by the OWNER to the CITY and upon execution of the Agreement by the parties and recording with the Clallam County Auditor. The OWNER shall test all portions and elements of the facilities as specified by the CITY in order to demonstrate the satisfactory construction of the facilities.



EXHIBIT D
DEVELOPER REIMBURSEMENT AGREEMENT, DRA #XX-XX
[description]
[date]

DESCRIPTION AND COST OF IMPROVEMENTS

DESCRIPTION OF IMPROVEMENTS

The improvements covered by this developer reimbursement agreement include the construction of an _____ and appurtenant facilities to serve the area as outlined on Exhibit E. The improvements include construction of

COST OF IMPROVEMENTS

Documentation supporting the final engineering, inspection and cost of improvements has been provided by the developer. These costs have been reviewed and approved by the City Engineer.

A summary of final costs follows:

The final costs for the developer reimbursement agreement are based on actual engineering, construction, and inspection costs.



DEVELOPER REIMBURSEMENT AGREEMENT, DRA #XX-XX
[description]
[date]

DEVELOPER REIMBURSEMENT CHARGE

ENGINEERING	\$
CONSTRUCTION	\$
CITY INSPECTION AND TESTING	\$
TOTALS	\$

The developer reimbursement fee for _____ will be based on the number of parcels in the benefited area (_____). Distributing the costs equally between the above results in a developer reimbursement fee of \$_____ per parcel. At the time of payment, interest (_____ per year) and administration costs (_____) in accordance with the ordinance will be added at the time of payment.

All parcels in the latecomer area will be assessed accordingly upon request for service. Any parcels outside the original latecomer area which connect to the gravity sewer system will be assessed using the above fees per parcel.



CERTIFICATION OF PAYMENT AND RELEASE
for
DEVELOPER REIMBURSEMENT CHARGE
DRA #XX-XX

Payment to the City of Port Angeles, Washington, is hereby acknowledged for water, sewer, storm sewer and/or street system connection or use charges levied pursuant to the Developer Reimbursement Agreement as recorded under Clallam County Auditor No. _____ in the amount of \$_____ for the following described real property situated in the County of Clallam, State of Washington:

Said property is hereby released from further obligation for such water, sewer, storm sewer and/or street developer reimbursement fee.

This certification is filed for record with the Clallam County Auditor.

DATED this _____ day of _____, 20____.

CITY ENGINEER

ATTEST:

CITY CLERK

**CHECKLIST FOR
DEVELOPER REIMBURSEMENT AGREEMENT
DRA #XX-XX**

(Water, Sewer, Storm and Street Facilities)

DATE APPLICATION RECEIVED: _____

INITIAL \$300 FEE PAID

- Initial \$300 due with the application and agree to pay remainder once calculated.
- Per parcel fee of \$5.00 (_____) = \$ _____ [Due once calculated.]

1. Name of Applicant Name and Address:

Telephone Number: _____

2. Improvement type and location:

3. Legal description of the property to be served.

4. Legal descriptions and names of the property owners that are contributing to the construction with proof of contribution.

5. Certified statement from a professional engineer containing the itemization of the total projected cost of the system improvements. Developer eligible if cost is over the amount of \$4,000 (adjusted by the Annual Average ENR Seattle Construction Cost Index for inflation, which was 5224 in 1992)

6. A copy of the design drawings and specifications.

7. Applicant in compliance with all City ordinances.

8. Are improvements a part of developer's abutting right-of-way and transitions required pursuant to City ordinance? If so, no agreement shall be signed, except for vertical and alignment changes.

9. Improvements consistent with comprehensive utility and/or transportation plans.

10. Is there capability and capacity to service proposed facilities?

11. Applicant agrees to an annexation covenant for property served outside City limits but no further than the UGA outside City.

12. Assessment reimbursement area is determined.

13. Current interest rate for LID warrants is _____%, which may be revised to the actual rate in effect at the time of recording. Length of period for reimbursement agreement is _____ years. (15 years max.)

14. Charges for benefited areas calculated based upon:

15. City Engineer develops preliminary determination

- 16. containing his analysis. Preliminary Notice to properties in the assessment reimbursement area is developed and sent to the owners.
- 17. Notarized affidavit of mailing signed by the applicant and in file. Mail sent on _____.
- 18. Has anyone requested a hearing before the City Council? Must be within 20 days of mailing or _____
_____.
- 19. Public Hearing for City Council set on _____.
- 20. Notice of public hearing for City Council mailed _____ with affidavit of mailing _____ sent to benefited property owners.
- 21. City Council may approve, modify or reject assessment reimbursement area and/or charges. Results of hearing were _____
_____.
- 22. Reimbursement Agreement approved by City Engineer, but not signed, on _____.
- 23. Applicant authorized to begin work after obtaining all necessary permits and approvals.
- 24. Construction completed and accepted by the City on _____.
- 25. "As built drawings" received on _____ with all easements.
- 26. Applicant provide the City with a Maintenance Guarantee Bond or other approved assignment of savings in the amount of 10% or \$ _____ for one year period.
- 27. Final costs of improvements received from applicant and reviewed against original costs and changes can be made to the assessment. Applicant provide bill of sale for improvements to the City.
- 28. The reimbursement agreement and notice of agreements and charge shall be recorded in the Auditor's office within 30 days of final execution of the agreement by the applicant with a copy given the City.
- 29. Applicant provide affidavit of mailing copy of the agreement and notice to each owner of record of properties to be charged. Affidavit received on _____.
- 30. Beneficiary name and address is: _____



**APPLICATION
FOR
DEVELOPER REIMBURSEMENT AGREEMENT
DRA #XX-XX**
(Water, Sewer, Storm and Street Facilities)

1. Name of Applicant Name and Address: _____

2. Telephone Number: _____

3. Improvement type and location: _____

3. Attach the legal description of the property to be served.
4. Attach the legal descriptions and names of the property owners that are contributing to the construction with proof of contribution.
5. Attach a certified statement from a professional engineer containing the itemization of the total projected cost of the system improvements and a copy of the design drawings and specifications.
6. Requested length of period for reimbursement agreement is _____ years. (15 years max.)
7. Non-refundable fees included are:
Total fee is \$300 plus (\$5.00) per parcel to be encumbered.
 Initial \$300 due with the application and agree to pay remainder once calculated.
 Per parcel fee of \$5.00 (_____) = \$ _____ [Due once calculated.]

Signature of applicant _____ Date _____