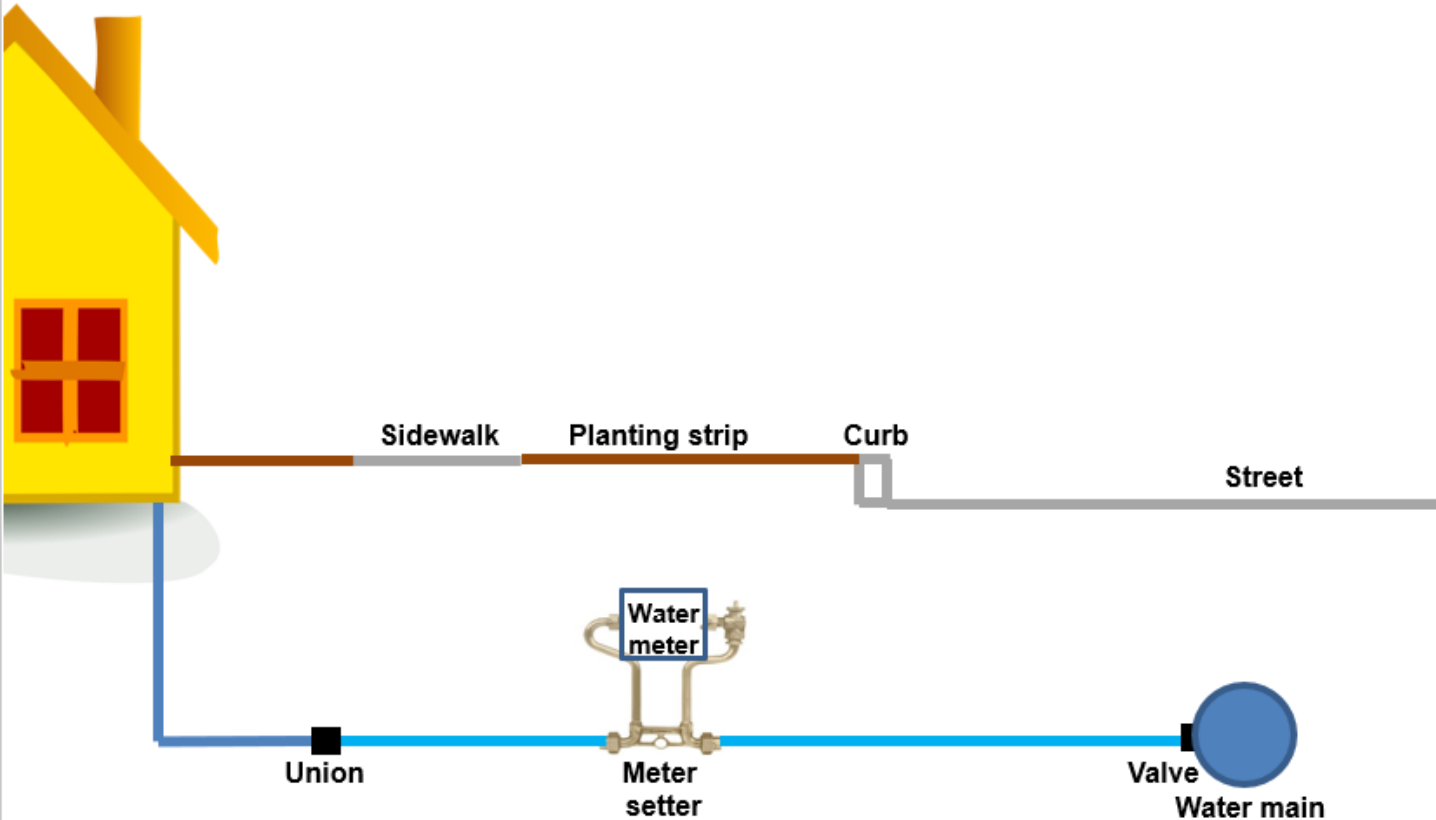


# Developer Charges and Funding Requirements

Presentation to the Civil Rights, Utilities,  
Economic Development & Arts Committee



# Developer Charges and Requirements



- **System development charge** (one-time “buy in” charge for new or increased capacity connections to the system)
- **New tap fee** (costs of physical connection to the system)
- **Water main extension** if the parcel does not abut an existing water main, or other required infrastructure

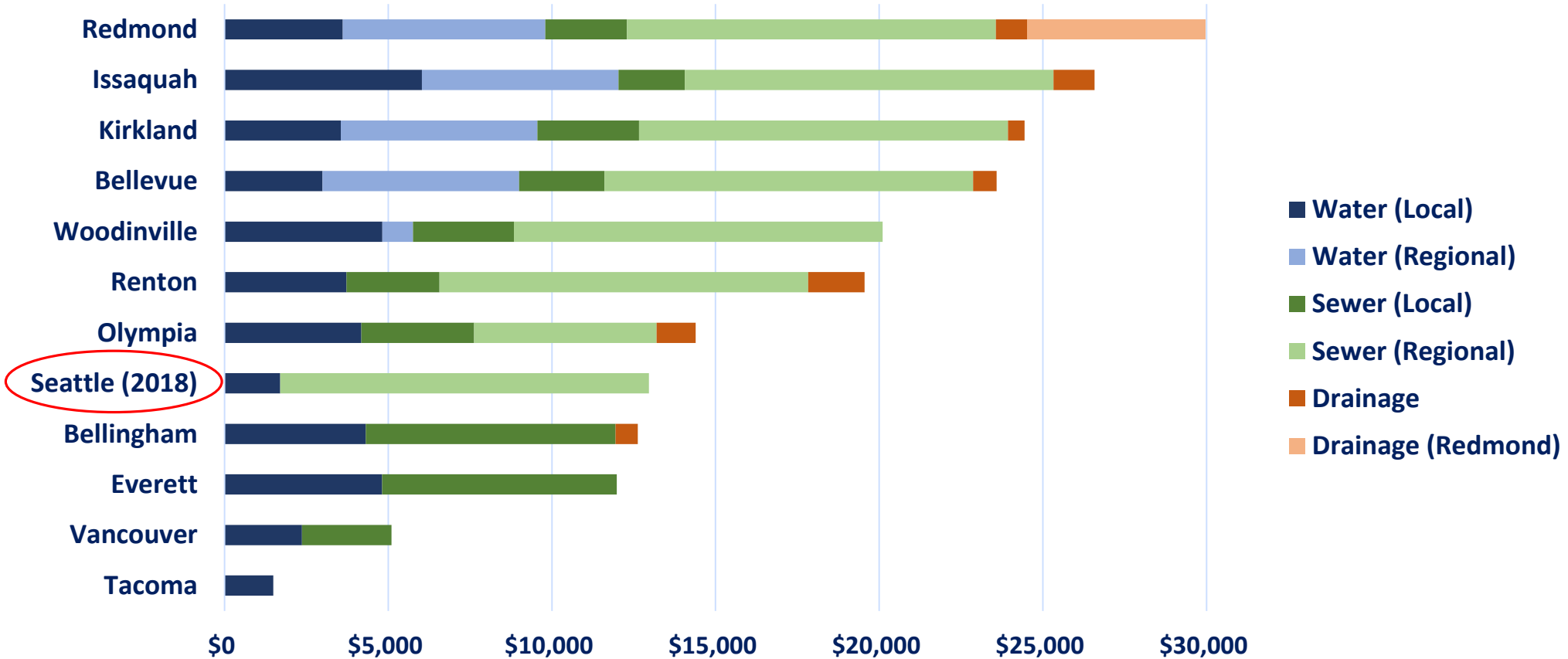
# System Development Charges (SDCs)

- Authorized by RCW 35.92.025
  - Cities can charge to connect to the utility system to pay an equitable share of the cost of the system in addition to the cost of connection
  - Equitable share may include 10 years of interest charges
- SPU's water SDC excludes interest and other costs, and is among the lowest in the region
- SPU has no wastewater (sewer) or stormwater (drainage) SDC



# SDC Comparisons

Local and Regional SDCs per Equivalent Residential Unit (ERU)



# Issue #1 - SDC Calculation

- Basic approach to calculating SDC for 1 ERU:

$$\text{SDC} = \frac{\text{System Cost}}{\text{Customer Base}}$$

- Options:
  - Include cost of existing assets only
  - Include cost of existing and future assets

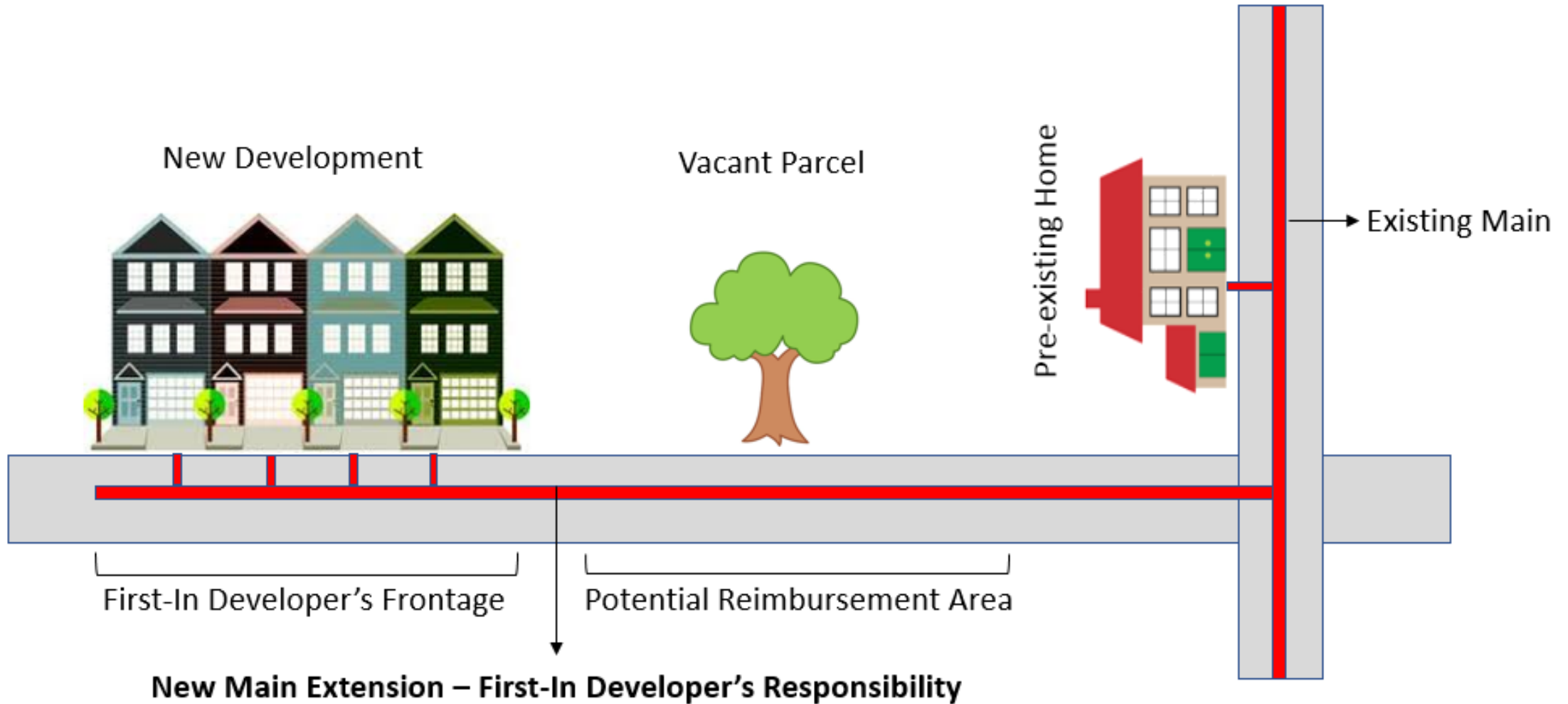
# Issue #2 - Use of SDC Revenue

## Options:

- Finance the planned CIP and buy down rates
- Finance an expansion of the CIP
  - Address general system needs
  - Address capacity issues/growth-related system needs
  - Leverage opportunities on development projects to invest in infrastructure needs

Note: Some costs for capacity expansion or opportunity projects could be reimbursed via latecomer agreements.

# Mainline Extension Requirements



# Issue #3 - Latecomer Agreements

## Options:

- Continue current **utility** latecomer agreements policy
- Participate in developer-initiated **utility** latecomer agreements by funding a portion of system improvements and seeking reimbursement for SPU's share
- Proactively construct system improvements and seek reimbursement through **municipal** latecomer agreements



# Issue #4 - Affordable Housing Development

Options to mitigate impacts on rent- and income-restricted affordable housing projects being explored with Mayor's Office, other City departments and Law

# Additional Activities

- Coordinating efforts with other departments that provide services to developers
- Conducting customer engagement with developers and rate-payers
- Applying the equity lens during options analysis and customer engagement

# Proposal Submittal Timeline

- Executive proposal to CRUEDA by 3/31/2019
- Engage with Committee members and staff as requested by Committee Chair