



December 1, 2016

Olympia City Council
PO Box 1967
Olympia, WA 98507-1967

Dear Councilmembers:

SUBJECT: Wastewater Municipal Code Changes

This letter provides recommendations from the City's Utility Advisory Committee (UAC) to City Council regarding proposed wastewater municipal code changes covering three topics:

- Changes to the Septic to Sewer program to encourage more connections
- Side sewer ownership and maintenance
- Septic tank effluent pumping (S.T.E.P.) system permitting

Septic to Sewer Program

The 2013 Wastewater Plan recommends changes to the Septic to Sewer program to make connection to sewer accessible to more property owners. The changes proposed are summarized below:

- Fund a limited number of small-scale sewer extensions to assist connecting residents (current allocation is \$341,000/year). Partial reimbursement (less than \$10,000 per property) to the City would be required, potentially over time. The repayment mechanism would be simpler than the one created in 2008.
- Allow for the payment of City General Facility Charges (GFC) for onsite septic system conversions over time rather than as a lump sum payment at the time of connection.
- Allow new property owners to qualify for a GFC waiver if they connect to sewer within two years of purchasing the property.

Staff will analyze the financial implications of the proposed changes and will include the following considerations:

- City funding for a number of small-scale sewer extension projects to assist residents in converting from onsite septic systems to public sewer. The current allocation in the Capital Facilities Plan is \$341,000; some of which will be reimbursed by connecting customers.
- Financing of the City GFC over time rather than as a lump sum, only for properties converting from onsite septic systems to public sewer. This will result in revenue being delayed and an appropriate fee or interest rate charged to compensate the utility.

Side Sewer Ownership and Maintenance

Staff outlined a proposal to change the ownership and maintenance responsibilities for side sewers. The proposal aligns the ownership of wastewater side sewers more closely with the

drinking water and stormwater utilities. Failing side sewers have caused unsafe conditions including sinkholes, sewage releases and unstable repair excavations. The goal is to see that repairs under roadways are completed in a safe and timely manner with protection of the City's assets as a priority.

The financial implications of the proposed changes have been analyzed and are still an estimate. Changes will initially increase sewer pipe infrastructure by approximately six percent. Existing funding in the capital facilities plan for sewer repairs will be increased by approximately six percent to account for the change in policy.

S.T.E.P. System Permitting

The 2013 Wastewater Plan also recommends considering changes to the restrictions regarding S.T.E.P. systems. Staff is considering reducing restrictions on S.T.E.P. sewer extensions to accommodate short plats only. The goal is to encourage urban growth densities in areas where gravity sewer extension is too expensive for small properties to construct.

Staff has analyzed the financial implications of the proposed changes. Currently, approximately 450 properties are eligible to be developed using S.T.E.P. systems. Staff have evaluated subdividable properties (greater than 0.5 acres) potentially served by S.T.E.P. systems and are assuming the proposed change in regulations would result in fewer than 250 additional lots. New S.T.E.P. system infrastructure would be constructed by developers. S.T.E.P. systems do cost approximately 50 percent more to maintain than gravity sewers and would eventually need to be factored into the Wastewater Utility Operating Budget and rates as properties develop. Operations staff considers the additional S.T.E.P. systems manageable.

Recommendations to City Council

The UAC supports the changes to the municipal code regarding the Septic to Sewer program, side sewer ownership and maintenance, and S.T.E.P. system permitting as outlined by staff to the UAC on October 6, 2016. We recommend that the City pursue getting LOTT to consider similar financial incentives for converting Septic to Sewer programs, including GFC waivers and other grants, and that the City explore the possibility of LOTT's establishing a revolving fund or some similar method to help residents finance the cost of these conversions. At this point there's still some uncertainty about what these proposals will actually cost, but once staff has refined the proposed regulatory changes, we encourage the City Council to move forward on these issues.

Thank you for the opportunity to comment. Please let me know if you have any questions.

Sincerely,



THAD CURTZ

Chair

Utility Advisory Committee

TC/lm