



UTILITIES COMMITTEE
MONDAY, JUNE 7, 2021
12:00 P.M.
REMOTE ATTENDANCE

To comply with Governor Inslee's [Proclamation 20-28](#), the Utilities Committee Meeting will be conducted remotely, not in person. However, you may view the meeting by watching live through Zoom.

Link: <https://us02web.zoom.us/j/88483106079>

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(888) 788-0099 or **(877) 853-5247** – when prompted, enter Webinar ID **884 8310 6079** press # (participant ID not required)

PAYMENT OF UTILITY CONNECTION CHARGES PROPOSAL

SCOTT EGGER, PUBLIC WORKS DIRECTOR
(STAFF REPORT)



UTILITIES COMMITTEE

June 7, 2021

SUBJECT: Timing of Payment of Connection Fees

RECOMMENDATION: Upon review and concurrence, motion to recommend change to timing of payment of Connection Fees to full City Council.

STAFF CONTACT: Scott Spence, City Manager *SS*
Scott Egger, Public Works Director *SE*
Roger Schoessel, City Engineer *RAS*
Peter Brooks, Water Resources Manager *PB*
Tom Stiles, Public Works Development Review Manager

ORIGINATED BY: Public Works Department

ATTACHMENTS: 1. [Draft Changes to LMC 13.02.010, LMC 13.16.025, LMC 13.32.005](#)

FISCAL NOTE: These LMC revisions will not cause a change in revenue

PRIOR REVIEW: None

BACKGROUND:

The timing for payment of connection fees is specified in Title 13 of the Lacey Municipal Code. Payment for all connection fees is currently required at the time of building permit. Staff is recommending changing the timing of payment of LOTT Capacity Development Charges (CDC's), Lacey Sewer General Facility Charges (GFC's), Lacey Water General Facility Charges (GFC's) and the Storm and Surface Water Utility Charge from prior to issuance of the building permit to prior to Final Public Works Approval and issuance of the Certificate of Occupancy. This change would only apply to multi-family, commercial, and industrial structures.

LOTT CDC's, Lacey Sewer GFC's, Lacey Water GFC's and Lacey Storm and Surface Water Utility Charges can cost several hundred thousand dollars. These are large costs for a developer to encumber at the start of a long duration project that can take up to two years to complete. Additionally, water is minimally used during construction and sewer is not used

at all. Shifting the requirement to pay these charges from prior to issuance of the building permit to prior to issuance of Final Public Works Approval could provide the developer relief related to cash-flow and interest. However, the developer will need to keep in mind that the connection charges are increased annually to keep up with inflation and the developer is required to pay the rate of the connection charges at the time of their payment.

In order to change the timing of payment of connection fees, the Council will be required to approve an ordinance revising LMC 13.02.010, LMC 13.16.025, and LMC 13.32.005.

ADVANTAGES:

1. These changes may provide benefit to the development community.

DISADVANTAGES:

1. Additional staff time may be needed to assure fees are submitted by the proposed times.

A.

1. For single family residential or two family structures, the capacity development charges, sewer general facility charges, water general facility charges, water connection fees, accrued storm and surface water utility charges and any other utility connection charges provided for in Sections [13.16.020](#), [13.16.025](#), [13.16.027](#), [13.16.028](#), [13.32.005](#), [13.32.010](#), [13.70.020](#) and any other provisions of Title [13](#) of this code may be paid no earlier than the date of the issuance of the first building permit for a parcel of property and no later than the issuance of a building permit for each structure located upon said property. At the time of payment of any such connection charge called for in Title [13](#), all other connection charges levied under the terms of Title [13](#) shall also be required to be paid. ~~The rate of the payment for any such connection charge levied under Title [13](#) of this code shall be the rate in effect on the date of payment. For those parcels of property lying outside the city, such connection fees shall be paid to the city prior to the issuance of a building permit by Thurston County for such parcel of property.~~

2. For all structures other than single family residential or two family structures, the water connection fees provided for in Section [13.32.010](#), may be paid no earlier than the date of the issuance of the first building permit for a parcel of property and no later than the issuance of a building permit for each structure located upon said property.

3. For all structures other than single family residential or two family structures, the capacity development charges, sewer general facility charges, water general facility charges, water connection fees, accrued storm and surface water utility charges and any other utility connection charges provided for in Sections [13.16.020](#), [13.16.025](#), [13.16.027](#), [13.16.028](#), [13.32.005](#), [13.70.020](#) and any other provisions of Title [13](#) of this code may be paid no earlier than the date of the issuance of the first building permit for a parcel of property and no later than prior to Final Public Works Approval and prior to issuance of the Certificate of Occupancy. Occupancy shall not be allowed until all charges and fees are paid.

4. ~~The rate of the payment for any such connection charge levied under Title [13](#) of this code shall be the rate in effect on the date of payment. For those parcels of property lying outside the city, such connection fees shall be paid to the city prior to the issuance of a building permit by Thurston County for such parcel of property.~~

B. For purposes of this section, the first building permit in the case of single family or two family residential structures shall be the structural building permit. In the case of commercial, industrial or multifamily buildings exceeding two family units, the first building permit may be the foundation permit issued for each structure.

C. If a building permit expires under the terms of Section [14.18.020](#) of this code after all utility connection fees have been paid, the owner shall be required to pay any increase in connection fees at the time a new building permit is issued.

D. Nothing in this section shall be interpreted to require the payment of increased reserve capacity or capacity development, general facilities or other connection charges in addition to those charges previously levied on such property as part of a local improvement district or utility

local improvement district nor the payment of additional charges for those interim sewerage facilities where such connection charges have been paid as a condition of approving such interim facility. (Ord. 1106 §1, 1999; Ord. 1094 §1, 1998).

13.16.025 Capacity development charge.

Unless there has been assessed against a particular parcel of real property a reserve capacity charge or capacity development charge as part of the assessment under a city utility local improvement district, a capacity development charge shall be paid for every single family residential and duplex structure, prior to the issuance of a building permit, connection of such structure to the sewerage system or upon the first billing for sewerage service charges, whichever occurs first. Payment for the capacity development charge for all other structures shall be made prior to Final Public Works Approval and issuance of the Certificate of Occupancy. In no case shall any structure be occupied prior to payment of the capacity development charge. The capacity development charge shall be \$4,718.88 for connections made during calendar year 2013, and shall be an amount equal to that set by the LOTT Alliance board of directors each year thereafter pursuant to the LOTT Alliance Intergovernmental Agreement. The capacity development charge for residential uses shall be computed on the basis of one ERU for single-family structures, including mobile homes, two ERUs for two-family structures and seven-tenths of an ERU for each living unit for those residential structures containing more than two living units. The capacity development charge for nonresidential structures shall be determined in accordance with an ERU value established by the joint sewerage facilities advisory committee. If the use of any structure changes, resulting in a significant increase of sewage discharge therefrom, there shall be a capacity development charge paid upon the first billing subsequent to the change for the increased monthly ERUs determined in accordance with an ERU value established by the advisory committee and at the rates set out in this section. Notwithstanding anything in this section to the contrary, the provisions for payment of such capacity development sewer charges shall be consistent with the provisions of Chapter [13.02](#) LMC. (Ord. 1415 §1, 2013; Ord. 1291 §1, 2007; Ord. 1181 §1, 2002; Ord. 1106 §2, 1999; Ord. 1094 §3, 1998; Ord. 954 §1, 1992; Ord. 484, 1978; Ord. 450 §1, 1977).

The Lacey Municipal Code is current through Ordinance 1587, passed March 18, 2021.

Disclaimer: The city clerk's office has the official version of the Lacey Municipal Code. Users should contact the city clerk's office for ordinances passed subsequent to the ordinance cited above.

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[City Website: www.ci.lacey.wa.us](http://www.ci.lacey.wa.us)

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13.32.005 General facilities charge for new connections.

There is established a general facilities charge to be paid ~~prior to the connection to the city's water system~~ for all connections made to the city's water system on or after April 1, 1987. For single family residential or two family structures, the general facilities charge shall be paid prior to connection to the city's water system. For all other structures, the general facilities charge shall be paid prior to Final Public Works Approval and prior to issuance of the Certificate of Occupancy. In no case shall any structure be occupied prior to payment of the general facilities charge. The rate during that portion of the calendar year 2008 remaining after the effective date of this ordinance shall be in accordance with the schedule set forth below for each service connection. The rate of said charge shall be increased on January 1 of each calendar year subsequent to 2008 by an amount equal to the increase in the Engineering News Record Construction Cost Index or by six percent per annum, whichever rate of increase is higher. The payment of such connection charges shall be in accordance with Chapter [13.02](#) LMC. Such schedule shall be as follows:

Meter Size	GFC
5/8" to 3/4"	\$3,842
1"	7,698
1 1/2"	15,329
2"	25,035
3	47,232
4	78,720
6	157,278