

CITY COUNCIL REGULAR SESSION

Ordinance amending Chapter 24.02 of the Bellevue City Code to revise provisions relating to water utility connection charges and establishing an effective date.

Nav Ota, Director, 452-2041

Lucy Liu, Deputy Director, 452-4445

Utilities

EXECUTIVE SUMMARY

This Ordinance amends BCC chapter 24.02 to create a connection fee waiver program for shelters and affordable housing projects and allow the option to pre-pay capital recovery charges. These code revisions will enable the City to apply for grant funds for affordable housing projects, support reducing affordable housing project costs, meet the City's growth-pays-for growth policy, maintain self-supporting utilities and provide payment flexibility for property owners.

RECOMMENDATION

Move to adopt Ordinance No. 6641.

BACKGROUND/ANALYSIS

On January 3, after discussion in Regular Session, Council directed staff to finalize legislation to waive water connection fees, including capital recovery charges, for new shelters and affordable housing projects and to allow property owners the choice to pay in full the remaining balance of imposed capital recovery charges.

Utility Connection Charges

The State Department of Commerce recently established the Connecting Housing to Infrastructure Program (CHIP) grant to pay for construction of utility improvements and waived connection charges for new affordable housing projects. Applicants must be a local government or a public utility district.

Bellevue is partnering with A Regional Coalition for Housing (ARCH) to submit grant applications for two affordable housing projects. There are nine criteria on which grant applications may be scored. One criterion that Bellevue does not currently meet is having an existing connection fee waiver program, without which the City's applications will be given lower priority. Revised Code of Washington (RCW) 35.92.380 requires any waiver or delay of connection charges for low-income households be done pursuant to adoption by ordinance.

Water utility connection charges

Water utility connection charges are fees paid by all development so that each property connecting to the public water utility infrastructure bears its proportional share of the cost of public water systems.

Development in Bellevue is subject to two types of water connection charges:

- Capital Recovery Charges and Direct Facility Charges for Bellevue's water system.

- Connection Charges as a pass-through of Cascade Water Alliance's regional capital facility charges. These are collected by Bellevue and paid to Cascade Water Alliance.

Proposed connection charge waiver program

The following are recommended code provisions Bellevue should consider in establishing a fee waiver program for affordable housing:

- Waived fees should not be made up by increased rate pressure on existing ratepayers. This is based on the industry practice and City policy that growth pays for growth, and existing customers are not burdened by the cost of growth.
- Base total amount of fees to waive on:
 1. Availability of CHIP funds, or
 2. Availability of other non-utility revenue.

Other local jurisdictions with utility connection fee waiver programs

Per our research, Pierce County and the cities of Ephrata, Bellingham, Chelan and Port Townsend have the authority to waive at least a portion of their utility connection charges for affordable housing projects.

Connection charge prepayment

Bellevue's current code does not provide customers the ability to pay CRC fees in full earlier than the current 10-year payment period. Revising the code to include this option will provide more flexibility for property owners and allow the city to maximize potential CHIP grant funding.

POLICY & FISCAL IMPACTS

Policy Impact

The attached Ordinance amends BCC chapter 24.02 to waive water connection fees for new shelters and affordable housing projects and allow property owners the choice to pay in full the remaining balance of imposed CRCs.

The code changes would maximize the benefits of the CHIP grant and provide increased flexibility for property owners. In addition, including a provision in the code to allow CRC waivers when non-utility revenue is available to cover the cost of the waiver is in alignment with existing City policies including the following:

- Support increasing number of affordable housing units
- Growth should pay for growth
- Maintenance of self-supporting utilities

Fiscal Impact

There is no fiscal impact to Bellevue Utilities of revising the City's code to allow connection charges to be waived for construction of shelters or affordable housing projects, provided that non-utility revenues such as external grants and/or other sources of funding are available to cover the full amount of the waivers.

There is also no fiscal impact to provide customers with the option to pay in full the remaining balance of CRC fees.

OPTIONS

1. Adopt the Ordinance amending Chapter 24.02 of the Bellevue City Code to revise provisions relating to water utility connection charges and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

- A. Draft Ordinance with Redlines
Proposed Ordinance No. 6641

AVAILABLE IN COUNCIL LIBRARY

N/A