



## BACKGROUND

Throughout the Downtown Strategy process, reference has been made to the City’s utility “hook up” fees, formally called General Facilities Charges (GFC’s). This memo provides information about what these fees are, how they are calculated, and how Olympia’s fees compare to other cities’.

### ***General Facilities Charges (GFC’s)***

The City Utilities provide vital public health services for our community, including safe drinking water, sanitary sewers, waste reduction and disposal, flood management, and environmental protection. Cities and towns are authorized by state law (RCW 35.92.025) to charge property owners seeking to connect to the drinking water, stormwater, or sewer system so that each new property owner bears an equitable share of the system’s costs.

Each of the three water-based utilities in Olympia (Water, Wastewater, and Stormwater) assesses a one-time General Facility Charge (GFC) to every new customer connecting to each Utility’s respective system. LOTT Clean Water Alliance also charges a capacity development charge (CDC) that is collected by the City. The CDC is so new construction projects contribute to LOTT’s capacity for wastewater treatment.

### ***How are GFC’s Calculated and Applied?***

GFC charges reflect the financial value of the existing utility system and the benefits it provides to the new development project. Each of the water-related Utilities collects a unique GFC. GFC’s are determined by a State-guided set of calculations that define the value of the existing and planned infrastructure, and the distribution of costs among current and future users. Every few years, City staff hires independent financial consultants to evaluate the GFC’s and make adjustments as needed.

### ***Storm and Surface Water Utility***

The Storm and Surface Water Utility provides flood mitigation, water quality improvement, and aquatic habitat enhancement services. The Utility is also the lead in City-wide implementation of the regulatory requirements of the State’s NPDES (National Pollution Discharge Elimination System) Phase II permit.

The Storm and Surface Water GFC is based on impervious surface area and average daily vehicle trips. Impervious surface area restricts stormwater runoff from being absorbed naturally into the soil, instead diverting it into the Utility system. The amount of impervious surface is calculated by units, with one unit equal to 2,528 sq. ft., or the average amount of impervious surface for a single-family home. Charging per vehicle trip takes into account that some new land uses result in a greater number of vehicle trips than others. For example, a convenience store generates more trips per day and therefore more City-wide vehicle-related water quality problems than a piano store. Industry standards are used to estimate trips by land use type.



### *Wastewater Utility*

The City's Wastewater Utility safely conveys wastewater from our homes and businesses to the LOTT Clean Water Alliance treatment facility in downtown Olympia. The financial basis for the Wastewater GFC is the capital cost the Utility has incurred or plans to incur in order to meet the service demands of the new customer. New customers pay for costs that would not have been necessary in their absence. New customers take advantage of existing infrastructure that was sized at the time of construction to accommodate increasing customers. They also use a portion of planned future infrastructure.

### *Capacity Development Charge*

The Capacity Development Charge (CDC) is a separate charge paid when users hook-up to the LOTT system, and is the primary funding source for projects that increase capacity for new growth.

### *Drinking Water Utility*

The City Drinking Water Utility provides us with healthy water. The rising costs associated with meeting State and federal public health directives and water quality standards are an ongoing challenge for the drinking water program. The financial basis for the Drinking Water GFC is the cost the Utility has incurred or plans to incur in order to meet the service demands of the new customer, build new water quality technologies and maintain existing infrastructure.

### ***How do Olympia's GFC's Compare to Other Cities?***

Cities use different methods for calculating and assessing GFC's, making direct comparisons difficult. For example, cities have different average amounts of impervious surface attributed to single-family homes, a figure which is then used as a basis for determining the charge for projects with multiple housing units. Cities also define "multi-family" differently; some include anything with a minimum of two units, while other cities specify a larger number.

The table below highlights GFC's for multi-family residential construction. Despite it being difficult to compare charges directly, what is highlighted is that Olympia is one of few cities that have a lower Wastewater GFC for downtown, approximately 43% of the standard Citywide GFC. While reductions to the impact fees can be used to encourage new construction, the lower Wastewater GFC is based on the discharge of sewage to a combined wastewater/stormwater pipe system in downtown. In other words, collecting two GFC's (Wastewater and Storm and Surface Water) would be duplicative since the pipe system is combined.

Also, of the cities listed below, Olympia and Lacey are the only ones to use a project's land use type in determining the Stormwater GFC. Both cities use average daily vehicle trips for different land uses as a factor in how much stormwater runoff is added to the Utility system.



## Utility General Facility Charges (GFC's) Multi-Family Residential

City*	Stormwater** (sq. ft. impervious surface)	Wastewater/Sewer (per Multi-Family Unit)	Drinking Water (2" meter)***	Other Charges****
<b>Auburn (pop. 67,340)</b>	\$1,190.00 (ESU = 2,600 sq. ft.)	\$2,383.00	\$34,232.00	
<b>Bellingham (pop. 84,850)</b>	\$587.60 (ESU = (0.226/sq. ft.) x (A))	\$61,097.00 (2" meter)	\$32,705.00	
<b>Edmonds (pop. 40,900)</b>	\$799.00 (ESU = 3,000 sq. ft.)	\$2,959.39	\$40,397.00	
<b>Everett (pop. 108,300)</b>	Included in Wastewater/Sewer GFC	\$3,073.00	\$2,051.00 (per unit)	
<b>Kirkland (pop. 84,680)</b>	\$508.00 (ESU = 2,600 sq. ft.)	\$1,988.00 (multi-family project with 5 or more units)	\$27,248.00	\$48,040.00 (Cascade Water Alliance Regional Cap Facility Charge)
<b>Lacey (pop. 47,540)</b>	Project Dependent (based on land use, annexation date, & acreage)	\$3,371.00 (per ERU; ERU = 900 cubic ft. of water per month)	\$39,902.00	\$5,354.57 (LOTT Capacity Development Charge per ERU; ERU = 900 cubic ft. water/month)
<b>Olympia (pop. 51,600)</b>	\$1,190.00 + \$4.50 per average daily vehicle trip (1 unit = 2,528 sq. ft.; vehicle trips based on land use)	\$3,442.00 (per ERU; ERU = 700 cubic ft. of water per month) Downtown: \$1,483.00 (per ERU)	\$20,976.00	\$5,354.57 (LOTT Capacity Development Charge per ERU; ERU = 900 cubic ft. water/month)
<b>Redmond (pop. 60,560)</b>	\$958.00 (ESU = 2,000 sq. ft.)	\$1,600.00 (multi-family project with 4 or more units)	\$29,150.00	\$5,436.00 (Downtown sub- basin stormwater capital facilities charge)
<b>Tumwater (pop. 23,040)</b>	No connection charge (monthly charge based on ERU(s); ERU=3,250 sq. ft.)	\$1,694.00	\$22,532.00	\$5,354.57 (LOTT Capacity Development Charge per ERU; ERU = 900 cubic ft. water/month)

\*Population figures are estimates for 2015 from the Washington State Office of Financial Management

\*\*Unit of measurement is an Equivalent Service Unit (ESU) or an Equivalent Residential Unit (ERU), or the amount of impervious surface which is equal to that created by the average single family parcel. Individual cities' ESU's or ERU's are noted.

\*\*\*GFC as applied to a 2" meter size, unless otherwise noted.

\*\*\*\*Other applicable fees are noted here when available, like charges for regional utility facilities.