




<b>Title</b> Latecomer Agreements for Construction of Utility Improvements		<b>Number</b> ENG-450	<b>Rev. no.</b> 1
<b>Responsibility</b> Development Services Office		<b>Supersedes</b> N/A	<b>Pages</b> 6
<b>General Manager/CEO (interim) signature</b>  <small>Andrew Lee (Mar 14, 2022 21:25 PDT)</small>	<b>Approval date</b> Mar 14, 2022	<b>Effective date</b> March 15, 2022	

## 1. PURPOSE

Utility Latecomer Agreements allow a property owner, who has been required by Seattle Municipal Code (SMC) to construct and pay for water, drainage, or sewer facilities as a condition of their development, to recover a portion of the costs of those improvements from property owners of designated benefitting parcels that subsequently develop and connect to these facilities. This Director's Rule establishes the procedures for a property owner to enter into a utility Latecomer Agreement with Seattle Public Utilities (SPU) as established by the Revised Code of Washington (RCW) Chapter 35.91 and SMC Chapter 21.80.

## 2. DEFINITIONS

*Assessment reimbursement area.* The geographic area representing all parcels that are used to calculate the pro-rata share. These parcels include the originating parcel, benefitting parcels (which are encumbered), and parcels which are exempt from encumbrance.

*Benefitting parcels.* Those parcels that benefit from, but whose owners did not contribute to the construction or improvement of the water, drainage, or sewer facilities are subject to a Latecomer Agreement.

*City.* The City of Seattle.

*Frontage.* The part of a parcel that abuts the public right of way.

*New service connection.* A new water, drainage, or sewer connection or change to an existing connection to a main and not the replacement of an existing connection to the main.

*Originating property owner.* The property owner who pays for the new water, drainage, or sewer facility and initiates and enters into the utility Latecomer Agreement.

*Pro-rata share.* The apportioned amount of the total cost of the construction of the new water, drainage, or sewer facility, attributed and assigned to a benefitting parcel which must be paid before the benefitting parcel connects to the new infrastructure.

*Reimbursement payment.* The charge, in the amount of the pro-rata share, collected by the City from benefitting property owners who connect to or use the water, drainage, or sewer facilities that were constructed or improved under the terms of a utility Latecomer Agreement.

*Water, drainage, or sewer facility.* The utility infrastructure asset, such as storm, sanitary, or combined sewers, pumping stations, disposal plants, water mains, valves, hydrants, reservoirs or appurtenances.

### 3. RULE

#### A. Eligible Work for Utility Latecomer Agreements

Only water, drainage, or sewer facilities that are required by City code as a condition of property development, and which a property owner elects to install solely at the owner's expense, are eligible to apply for a utility Latecomer Agreement. Utility improvements that are required as a result of street improvements are not eligible for a utility Latecomer Agreement. Improvements required as a result of street improvements include, but are not limited to, infrastructure triggered by the Stormwater Code for work in the right of way, and drainage conveyance infrastructure (e.g., inlets, catch basins, etc.) triggered by other street improvements.

A utility Latecomer Agreement will apply to only one type of utility: water, drainage, or sewer. If a single project is required to install multiple types of utilities (e.g., a drainage main extension *and* a water main extension), separate utility Latecomer Agreements will be needed for each utility type.

#### B. Fees

*Application fee.* An application fee will be due at the time of application. This fee will cover administrative expenses incurred by SPU for establishing and finalizing the utility Latecomer Agreement. The application fee is \$1,090.

*Recording fee.* The King County recording fees apply to each document that is recorded associated with the utility Latecomer Agreement. These documents include the encumbrance of the pro-rata share on each benefitting parcel and the removal of the encumbrance after reimbursement payment. The cost to record the encumbrance on each benefitting parcel will be paid by the originating developer. The cost to record the removal of the encumbrance is the responsibility of the owner of the benefitting parcel. The recording fee for each letter encumbering or relieving a benefitting parcel is a pass through from SPU to the property owner of the fees required by RCW Chapter 36.18.

*Collection processing fee.* When benefitting parcels connect to the new water, drainage, or sewer facility, SPU will collect a fee for each reimbursement payment received to cover the City's administrative costs of collecting, documenting, and other tasks associated with processing reimbursement payments. The collection processing fee is \$220.

#### C. Application Requirements

The application form and fee are required to initiate a request for a utility Latecomer Agreement. **The deadline for application is prior to approval of infrastructure design.** In the case where infrastructure design is not required, such as a valve or hydrant, the deadline for application is prior to the System Improvement Contract execution.

- 1) *Application form*. This form, provided by the City and completed by the originating property owner, includes all pertinent project and contact information, and is required to initiate a request for a utility Latecomer Agreement.
- 2) *Cost estimating worksheet*. This form, provided by the City and completed by the originating property owner, contains an itemized estimate of the total projected cost of the system improvements.
  - *Allowable activities which may be included in the cost estimate*. All costs solely associated with the design and construction of the water, drainage, or sewer facility. This includes elements that the City requires as part of installing the water, drainage, or sewer facility, such as concrete panel replacements in the roadway or ADA-compliant ramps and their companion ramps. These elements may only be included in the total cost if they would not otherwise be required but for the installation of the water, drainage, or sewer facility.
- 3) *Exhibit B – Assessment Reimbursement Area Parcel Roll*: This form, provided by the City and completed by the originating property owner, provides a complete list of all parcels within the assessment reimbursement area. Information for each parcel must include, at minimum, the following:
  - Name of the recorded owner(s)
  - Tax parcel number
  - Parcel address
  - Area of the parcel in square feet
  - Legal description from the most recent vesting deed of record
  - Pro-rata share of the parcel

This information is available at

<https://blue.kingcounty.com/Assessor/eRealProperty/default.aspx>.

- 4) *Vesting deeds*. Copies of the most recent vesting deed of record for all parcels in the assessment reimbursement area. Visit <https://kingcounty.gov/depts/records-licensing/records-office/records-search.aspx> to locate these records.
- 5) *Design drawings*. Drawings for the water, drainage, or sewer facility that meet the engineering, surveying, and drafting requirements of the SDOT 60-percent-complete Street Improvement Plan checklist, and that show all project elements in the vicinity of the water, drainage, or sewer facility.

#### **D. Assessment Reimbursement Area**

The assessment reimbursement area consists of parcels fronting the utility improvement. The assessment reimbursement area also consists of parcels which, upon redevelopment, would likely be required or likely choose to make a new service connection to the water, drainage, or sewer facility covered in the utility Latecomer Agreement based on City codes and standards. The parcel associated with the originating property owner's project triggering the requirement of the utility improvement is included in the assessment reimbursement area. The General Manager/CEO will have final determination of what properties are included in the assessment reimbursement area.

Any parcel with frontage to the water, drainage, or sewer facility or that could be required to connect to the utility improvement in the future will be included in the assessment reimbursement area, including lots with multiple frontages, such as corner lots.

Property owners in the assessment reimbursement area may choose to contribute to the construction of the water, drainage, or sewer facilities. If agreed on by the originating property owner, these parcels will be identified as exempt from owing the reimbursement payment and will not be considered benefitting parcels.

After a utility Latecomer Agreement has been finalized and recorded, in the event that a benefitting parcel subdivides, consolidates, or otherwise adjusts its lot boundary, the pro-rata share encumbrance will still apply to the entire parent parcel. The first connection from the parent parcel that triggers the reimbursement payment will be required to pay the full pro-rata share.

A notice will be sent to all owners of identified benefitting parcels prior to finalization of a utility Latecomer Agreement. This notice will contain an explanation of the utility Latecomer Agreement process, identification of the Latecomer Agreement affecting the property, and explanation of the pro-rata share assigned to the property. This notice will be delivered by certified mail with a return-receipt request.

**E. Pro-Rata Share for Each Benefitting Parcel**

*Rationale.* The pro-rata share assigned to each benefitting parcel approximates that parcel's equivalent area. In this way, each benefitting parcel is assigned its share of construction costs to construct or improve the water, drainage, or sewer facility across its frontage.

*Allocation methodology.* The allocation method for the pro-rata share is based on the parcel area. The square root of each benefitting parcel's area is used as a proxy or equivalent for a parcel's area.

*Calculation.* The pro-rata share for each benefitting parcel will be determined by the ratio of the square root of the benefitting parcel's area to the sum of the square roots of the effective area of all parcels in the assessment reimbursement area identified in the utility Latecomer Agreement, multiplied by the total cost of the water, drainage, or sewer facility.

The calculation of the pro-rata share is as follows:

$$\text{Pro Rata Share of Parcel } x = \text{Collection Processing Fee} + \left\{ \frac{\sqrt{(\text{Area of Parcel } x)}}{\sum \left( \sqrt{(\text{Area of Parcel } X)} + \sqrt{(\text{Area of Parcel } A)} + \sqrt{(\text{Area of Parcel } B)} + \dots \right)} * \text{Total cost of the water, drainage, or sewer facility} \right\}$$

If a benefitting parcel has access to its utility service from an alternative fronting public main approved for connection, other than the new utility being constructed with a utility Latecomer Agreement, then the benefitting parcel will be assigned one-half of a share in its pro-rata

calculation. This will be done by creating an effective area for the parcel equal to one-half of the parcel's actual area.

*Assignment to benefitting parcel.* The pro-rata share, as calculated above for each benefitting parcel, will be placed as an encumbrance on each benefitting parcel. The City will record each encumbrance against its associated parcel with the King County Recorder's Office as required by RCW Chapter 35.91.

## **F. Approval of Application**

The General Manager/CEO will review all applications and approve those that meet all of the following criteria:

- The application has been submitted prior to approval of infrastructure design or Utility System Improvement Contract execution.
- The project complies with City standard specifications, design and construction standards, and all applicable federal, state, and local laws, rules, and regulations.
- The proposed water, drainage, or sewer facilities to be included in the utility Latecomer Agreement fall within the definition of water, drainage, or sewer facilities and are eligible for a utility Latecomer Agreement.
- The proposed improvements are not already permitted, constructed, or currently under construction.
- The proposed improvements are consistent with the City's plans.
- Other requirements as the General Manager/CEO determines necessary to properly review the application.

In the event any of the above criteria are not satisfied, the General Manager/CEO will either condition approval on eventual conformance or deny the application. The final determination of the General Manager/CEO will be in writing.

## **G. Finalizing the Agreement**

The final construction costs will be submitted within 120 days of completion of the facility to the City summarized by bid item, and will include itemized invoices. Any discrepancies between the cost estimate, proof of payment, and the invoiced amounts will be noted and justified in the submittal. The final construction costs will be approved by the General Manager/CEO. If the costs are not submitted within 120 days of completion of the facility, the utility Latecomer Agreement is void. All fees paid to SPU are nonrefundable.

## **H. Reimbursement Period**

The utility Latecomer Agreement will be active for a period of 20 years from the effective date of the Latecomer Agreement.

## **I. Requirement to Update Contact Information**

The originating property owner will maintain with the City their current contact information. Confirmation of this contact information, on forms provided by the City, must be delivered by the originating property owner to the City at least every two years from the date of the

acceptance of the utility Latecomer Agreement. The City is not responsible for locating any originating property owner entitled to benefits under the utility Latecomer Agreement.

If the originating property owner fails to notify the City of current contact information within 60 days of the due date for notification, the originating property owner will no longer be entitled to reimbursement under the utility Latecomer Agreement until such time as they deliver notification to the City of their current contact information on forms provided by the City. The originating property owner will not be entitled to receive reimbursement fees collected while out of compliance with this section.

Written notice, on forms provided by the City, must also be provided by the originating property owner for the assignment of rights to a new contact. Absent such notice, any assignment of rights under the utility Latecomer Agreement will have no effect on the obligations of the City.

#### **J. Reimbursement**

Reimbursement payment of a latecomer encumbrance is triggered by new connection to the utility. Connection to or use of the water, drainage, or sewer facility by benefitting parcels will not be permitted unless the City has received the reimbursement payment.

An owner of a benefitting parcel will not have to pay the latecomer reimbursement if the parcel is later developed but a new service is not required or requested.

When a reimbursement payment is collected, the City will notify the originating property owner prior to remitting the funds. Any monies not claimed by the property owner within 60 days from the date collected will become the property of the City.

#### **K. Authorized Agent for Agreement and Responsibility**

The SPU General Manager/CEO designates the Director of the Development Services Office as the agent authorized to sign and execute the agreement. The Contracts and Procurement Division is responsible for retaining signed Latecomer Agreements. Accounts Receivable is responsible for distributing reimbursement payments to the originating property owner.

### **4. AUTHORITY/REFERENCES**

- RCW Chapter 35.91, Municipal Water and Sewer Facilities Act
- RCW Chapter 36.18, Fees of County Officers
- SMC 21.80, Latecomer Agreements
- SMC 3.02, Administrative Code
- SMC 3.32.020, Adoption of Rules

**Signature:** Office of the City Clerk  
Office of the City Clerk (Mar 15, 2022 08:59 PDT)

**Email:** cityclerkfiling@seattle.gov