

00020.175.008
:jeh
02/27/98
rev. 03/03/98

Loans for Additional
Sewer Connection Charges

ORDINANCE NO. 1973

ORIGINAL

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, AMENDING SECTION 13.11.035 AND ADDING A NEW SECTION 13.11.036 TO THE REDMOND MUNICIPAL CODE IN ORDER TO AUTHORIZE LOANS FOR ADDITIONAL SEWER CONNECTION CHARGES PURSUANT TO ARTICLE VIII, SECTION 10 OF THE WASHINGTON CONSTITUTION, AS AMENDED PURSUANT TO HJR 4209.

WHEREAS, Section 13.11.035 of the Redmond Municipal Code provides for an additional connection charge whenever a sewer or water main extension will provide connections for or benefit only a limited number of properties within a defined geographic area, and

WHEREAS, based upon recent discussions with the public works staff, the cost of extending sewers in some areas of the City can be as much as \$18,000 or more, thereby creating a hardship and disincentive for those properties developed with single family homes served by septic systems to connect to the sewer system and thereby provide for the efficient and environmentally safe treatment of effluent, and

WHEREAS, pursuant to HJR 4209, a constitutional amendment was passed by the voters of the state at the November, 1997 general election, authorizing cities and other entities to make loans to private parties for the purpose of financing the acquisition and installation of structures and equipment for efficient use of stormwater or sewer services, and

WHEREAS, the City Council desires to enact such a loan program in order to ensure that those who most need sewer service and who have existing septic systems can connect to the City sewers, now, therefore,

THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON,
HEREBY ORDAINS AS FOLLOWS:

Section 1. Loan Program Authorized. Section 13.11.035 is hereby amended and a new Section 13.11.036 is hereby added to the Redmond Municipal Code to read as follows:

13.11.035 Additional Connection Charge.

A. Whenever the City constructs a sewer or water main extension which will provide connections for or benefit only a limited number of properties within a defined geographic area, the owners of those properties who thereafter seek connection of the property and improvements to the city's water or sewer system through the extension shall be required to pay, in addition to the general connection charge established by this chapter, an additional connection charge consisting of an equitable share of the costs which have been incurred by the City to design, engineer, construct and install the water or sewer main extension.

B. The amount of the water or sewer additional connection charge and the area or properties which will be required to pay the same shall be established by resolution or ordinance of the City Council and the amount shall be determined generally by dividing the total cost of the project within the public right-of-way or easement by the number of benefited properties and deducting therefrom 50% of the result or \$10,000, whichever is less. In determining the amount of the charges, the City Council shall consider the costs which have been incurred to design, engineer, construct and install the water or sewer main construction.

C. The additional connection charge will include an appropriate interest charge from the completion of the improvement until the time of connection, in accord with Section 13.11.100.

D. Project costs will be determined on a project-by-project basis, and each property within an additional connection charge will pay an appropriate share based on costs unique to its location.

13.11.036 Loan Program for Additional Connection Charge.

A. Property owners who meet the requirements of this section may qualify for a loan of a portion of the additional sewer connection charge established under Section 13.11.035. The principal amount of the loan authorized by this section shall not exceed the amount of the additional connection charge, less any private financing or prepayment by the owner. The actual amount financed shall be determined under the following formula:

Owner's Share of Sewer Project
(= Total Project Cost/Number of Benefited
Properties)

Less 50% or \$10,000, whichever is less

Less Private Financing or Prepayment (if any)

Equals Total Loan Amount.

B. In order for a property owner to qualify for a loan under this section, the property to which the connection is to be made must be developed with an existing single-family home served by an existing septic system. Vacant property, property used for multifamily dwelling units, property served by existing sewers, and non-residential property shall not qualify for the loan program established by this section.

C. In order to qualify for a loan under this section, the property owner must fill out a credit application and pass an appropriate credit check. The City reserves the right to exercise reasonable business judgment and to disapprove any loan based upon a credit check. The application must be accompanied by a nonrefundable application fee in an amount set in the City's user fee resolution.

D. The terms of the loan shall be as follows:

1. The loan will be structured as a simple promissory note.

2. The term of the note shall not exceed 10 years, commencing at the time the property is connected to the sewer.

3. The note will bear interest at the a rate which is based on the City's current investment yield at the time of the loan, plus a two percent margin to cover administrative costs and interest rate fluctuations over the loan period.

4. The loan will be secured by an interest in the property. The property interest may take the form of a lien, a deed of trust, or such other instrument as may be acceptable to the City Finance Director and City Attorney.

5. The note shall provide for acceleration of the principal upon default in any payment. In the event of default, the City shall have all available remedies, including, but not limited to, foreclosure of its interest in the property, notification of credit bureaus, use of collection agencies, and terminating service.

6. Loan principal and interest charges will be billed by the City and due monthly. Appropriate penalties may be imposed by the City for delinquent accounts.

7. There shall be no penalty for prepayment.

8. The note will contain a due on sale clause which provides for payment in full of all outstanding principal and interest upon sale of the property.

E. No loan shall be made unless the property owner connects the property to the system and pays the City's general connection charge and the Metro connection charge at the time the property is connected. In no event shall the loan be used to cover the City's general connection charge, the Metro connection charge, the property owner's side sewer costs, the decommissioning of the property's septic system, or any other charge not included in the additional connection charge established by Section 13.11.035.

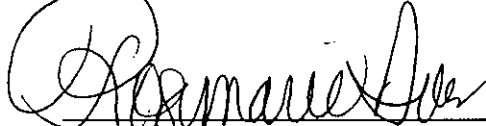
F. Nothing in this section requires any person to finance any portion of the additional connection charge through the City. Property owners are free to pay any or all of the additional connection charge at the time of connection and may privately finance any or all of the additional connection charge.

G. Loans shall be limited by available funds. The amount of available funds shall be at the discretion of the City Council and shall be determined periodically by City Council motion, resolution, or ordinance. All funds used for loan purposes shall be derived from operating revenues from the sale of sewer services.

Section 2. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 3. Effective Date. This ordinance, being an exercise of a power specifically delegated to the City legislative body, is not subject to referendum, and shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title.

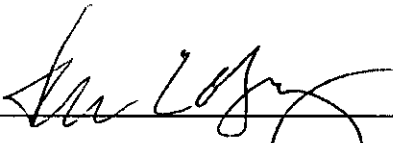
CITY OF REDMOND


MAYOR ROSEMARIE IVES

ATTEST/AUTHENTICATED:


CITY CLERK, BONNIE MATTSON

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

By:  _____

FILED WITH THE CITY CLERK:	March 3, 1998
PASSED BY THE CITY COUNCIL:	March 3, 1998
SIGNED BY THE MAYOR:	March 3, 1998
PUBLISHED:	March 7, 1998
EFFECTIVE DATE:	March 12, 1998
ORDINANCE NO. <u>1973</u>	