



CITY OF KIRKLAND
Department of Public Works
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To: Kurt Triplett, City Manager
From: Dave Snider, PE, Capital Projects Manager
Pam Bissonnette, Interim Public Works Director
Date: October 24, 2013
Subject: 2013 Emergency Sewer Program - Petition Response

RECOMMENDATION:

It is recommended that the City Council receives a staff response to a recent petition (Attachment A) regarding the 2013 Emergency Sewer Program (ESP).

BACKGROUND DISCUSSION:

The ESP helps safeguard the environment from poorly maintained or failed private sewer septic systems. In 1998, a program to extend sewer main lines to those areas of Kirkland with older and/or failing septic systems was first developed in response to an increasing number of septic failures on properties with no direct access to sanitary sewer. The first ESP Project began in 1999. Since 1998, 512 connections have been established with 220 actually retiring their septic system and connecting to sewer. Currently, an estimated 900 Kirkland properties remain with active septic systems. There is now existing sewer system infrastructure currently in place to serve approximately half of those properties.

The 2013 ESP Project includes the following Kirkland neighborhoods (Attachment B):

North Rose Hill:

Area 1 – NE 87th PL and NE 88th PL

South Rose Hill:

Area 2 – NE 78th PL

South Juanita:

Area 3

a) NE 112th St between 112th Ave NE and 115th Ave NE

b) Private Drive north of NE 112th St between 112th Ave NE and 115th Ave NE

Area 4 – 108th Ave NE between NE 116th St and NE 121st St (adjacent to McAuliffe Park)

The design for the 2013 ESP began in January 2013 but then was paused in July to allow staff time to review growing resident concerns over escalating Project costs. Since its inception, the overall Program costs have steadily increased at a rate of approximately 7.5%/yr (Attachment C). As such, the 2013 costs have reached an estimated \$28,000 per assessment, as compared to \$8,000 for the original Project in 1999 and \$20,633 for the most recently completed 2011 Project. As the costs have increased significantly, staff feels it is prudent to take some time to review the City's overall Program and to look at programs offered by other agencies, returning to Council at a future meeting with those findings and an updated recommendation for the Program.

At the City Council meeting of September 17, three residents of the fifteen private properties included in Area 4 of the 2013 ESP project, submitted a Petition. The general stated purpose of the Petition read: *"Our signatures below represent our agreement that we do not want a sewer line in Area 4."* The Petition went on to include seven additional points, as listed on Attachment A, and as discussed in detail below.

Petition Response

In response to the *concerns* listed on the Petition, staff presents the following:

- a. *"We acknowledge that the installation of a sewer line has its benefits to some residents, but not those that will be impacted by the exorbitant cost that is being proposed as the responsibility of the homeowners."*

Response: Each property owner is going to regard the question of cost versus benefit differently; however, staff acknowledges the rising costs of the Program and, with City Manager concurrence, placed the 2013 Program on pause to further evaluate options for moving forward.

The Emergency Sewer Program is a cost-sharing method, as required by City Municipal Code. Further, as described above, the Program and its financial mechanism has been in use by the City of Kirkland since 1998. The cost-sharing approach is also commonly used by other cities that have city-managed sanitary sewer systems. As per the Program requirements, and as governed by state law and Municipal Code, the owners of those properties that benefit from the improvement pay a proportionate share of the costs.

- b. *"Residents on 108th Ave have been living there an average of 27 years without any major septic issues."*

Response: Due to the wide variability in septic system performance and the different practices of regular maintenance by property owners, septic systems do not have a standard design life. The best systems may last for 20 to 30 years or more, especially if the property owner is using the septic system properly, the drain field conditions are good, and regular maintenance is being performed. However, the vast majority of septic systems in an urban area will eventually experience some level of failure.

Even if the septic systems along 108th Avenue have lasted as long as reported without major incident, there is no way to determine if and for how long that performance will continue.

- c. *"If the septic tank did fail and had to be replaced, it would be at far less a cost than what the City is proposing as the cost for homeowners (\$40,000 plus). An estimate for septic tank replacement of similar size properties is \$10-\$15,000."*

Response: This statement does not account for potential City and Health Code compliance or other costs that may be incurred by a Property Owner that experiences a future septic system failure.

In the event of septic failure, where any portion of the effected property is within 330 feet of the sanitary sewer main in any direction, Municipal Code and King County Health Department rules require the property owner to respond to the failure by connecting to the sanitary sewer system. Replacing the failed septic system is not an acceptable alternative where the property is within the 330-foot limit. Further, it is not requisite that the sanitary sewer main be conveniently located with respect to direction, topography or other factors, and the direct cost to the Property Owner in such circumstances can be vastly higher than those stated in the Petition, being even significantly more than that currently estimated for the 2013 ESP Program.

Even in instances of septic failure that do not require sewer connection, the costs to address a septic system failure are rarely predictable. Replacement of a septic system can be higher than the construction of a new system since it can be very difficult to determine the causes of the system failure. Further, most developed parcels do not have sufficient undeveloped area for a new drain field. A complete replacement of the entire system, including replacing a significant quantity of soil in the drain field area of the failed system, will certainly cost more to perform than the Petitioners' estimate above. And doing so will not guarantee the problem will be solved or the new septic system will last as long as the original one.

A key benefit of the Emergency Sewer Program has been allowing residents peace of mind regarding the question of dealing with a septic system failure, either by immediately connecting to the sanitary sewer and decommissioning their septic system, or having that option available to them in the future.

- d. *"We find it unfair that we have to pay for infrastructure costs of sewer lines given that they will be utilized far beyond the years of our use. Infrastructure for other services such as gas, water, electricity, cable, etc. are not borne by the homeowner; only the hook up from the residence. (What is the history or precedence of other residents in Kirkland paying for the infrastructure costs of the sewer lines?)"*

Response: The following are some key facts regarding the Petitioners' assumptions on this point:

- City Municipal Code does not permit the design and construction of new sanitary sewer to be paid for out of either connection fees and/or monthly service charges to those connected. Instead, those fees finance only the maintenance and repair of the existing system.
- The design and construction of new City-managed utilities, including financing methods, is different from that of private utilities (i.e. gas, cable, electric, etc.), developer-constructed utilities, and utility district managed utilities. Private utility owners, developers, and utility districts can design and build their new utilities using ways and means not permitted to Cities that are governed by State laws and Municipal Codes.
- With few exceptions, the City's existing sanitary sewer system has been constructed over the years either through private development action or, since 1999, the Emergency Sewer Program. For those system improvements that came through development action, the entire cost of design and construction of the sewer was/is included in the eventual sale or lease price for that property. However, upon resale, that specific cost element for the improvement becomes somewhat obscured. Nevertheless, it does remain integral to the property, being passed along through subsequent sales or leasing transactions. Similarly, the beneficiaries of past Kirkland ESP projects paid for the sewer system improvements through the cost sharing benefit of the Program, and those costs became integral to the value of the benefitting property.

e. *"A sewer line in Area 4 primarily benefits five parcels owner by the City of Kirkland; parcels that were purchased with our taxpayer dollars. The proposed sewer line impacts 3 other residences."*

Response: At the point the Program was paused (60% design), the plans provide for 15 connections for servicing residential properties along 108th Street, regardless of ownership. Consequently, the individual assessments were determined based upon the estimated design and construction costs being evenly divided by 15, per City Municipal Code.

The petitioner's identification of "five parcels owned by the City of Kirkland" is in reference to individual parcels making up McAuliffe Park and, as required by Municipal Code, those parcels (of which there are actually 7 – see Attachment B) were included within the shared costs.

f. *"There is no direct monetary benefit to our homes, now or in the event of a future sale."*

Response: It is difficult to measure, directly or indirectly, a specific monetary benefit for any home improvement project. Property values, particularly during real estate transactions, can vary greatly and are largely driven by intangible market behavior and the perceptions of value for both buyer and seller.

Consequently, there are no definitive facts or statistics available to either prove or disprove this point made on the Petition. General feedback from realtors has supported a trend of buyer perception favoring sanitary sewer connections over on-site septic systems.

- g. "The proposed expense of the system would cost each homeowner approximately \$350+ a month in loan repayment plus the monthly cost of sewer service. This amount would place an undue financial burden on us as homeowners, and would likely cause many of us to sell our homes and also diminish the value of our homes with the placement of a lien in the event of a sale."*

Response: The financing plan the City offered by ESP participation is a 10-year loan at a current interest rate of 2.37%. A lien is placed on the property, which is typical for home improvement loans of this nature. For discussion purposes, an individual assessment of \$28,000, with the inclusion of the one-time Kirkland Capital Facilities Charge (CFC) of \$3,056, does result in an annual payment of over \$3,700 (approximately \$311 per month), which can represent a significant investment by a property owner. As a result of this, staff is continuing to evaluate the overall Program and its escalating costs.

CONCLUSION

The overall approach and methods used by staff in implementing the Program are comparable to those used by other municipalities throughout the state, and around the U.S., for City-managed sanitary sewer systems. It is, however, apparent that the ESP, as originally envisioned and implemented over the past several years, needs to be reviewed further by staff and followed up with a new recommendation to City Council on moving the Program forward.

As noted above, the Petitioners also demonstrated the need for the City to provide better information about the Program. The estimated individual assessment costs for 2013, as determined at the 60% design phase, represent a significant hurdle for the Program to overcome. Staff will continue to work on providing property owners adequate information, guidance, and support in order to arrive at informed decisions regarding what is a substantial property improvement.

- Attachment A: Petition
- Attachment B: ESP 2013 Program
- Attachment C: Past ESP Assessments

G-13-226

**PETITION AGAINST
CITY OF KIRKLAND EMERGENCY SEWER PROGRAM
REPRESENTING HOMEOWNERS IN AREA 4**

- We acknowledge that the installation of a sewer line has its benefits to some residents, but not those that will be impacted by the exorbitant cost that is being proposed as the responsibility of the homeowners.
- Residents on 108th Ave have been living there an average of ²⁷~~15~~ years without any major septic issues.
- If the septic tank did fail and had to be replaced, it would be at far less a cost than what the City is proposing as the cost for homeowners (\$40,000 plus). An estimate for septic tank replacement of similar size properties is \$10-\$15,000.
- We find it unfair that we have to pay for infrastructure costs of sewer lines given that they will be utilized far beyond the years of our use. Infrastructure for other services such as gas, water, electricity, cable, etc. are not borne by the homeowner; only the hook up from the residence. (What is the history or precedence of other residents in Kirkland paying for the infrastructure costs of the sewer lines?)
- A sewer line in Area 4 primarily benefits five parcels owned by the City of Kirkland; parcels that were purchased with our taxpayer dollars. The proposed sewer line impacts 3 other residences.
- There is no direct monetary benefit to our homes, now or in the event of a future sale.
- The proposed expense of the system would cost each homeowner approximately \$350+ a month in loan repayment plus the monthly cost of sewer service. This amount would place an undue financial burden on us as homeowners, and would likely cause many of us to sell our homes and also diminish the value of our homes with the placement of a lien in the event of a sale.

Our signatures below represent our agreement that we do not want a sewer line in Area 4.

Property 11631:

Homeowner name	Signature	Date	Years in Residence
GEESSE SUNDBY J. DAVID SUNDBY	<i>Geesse Sundby</i>	8/26/13	37 years

Property 11633:

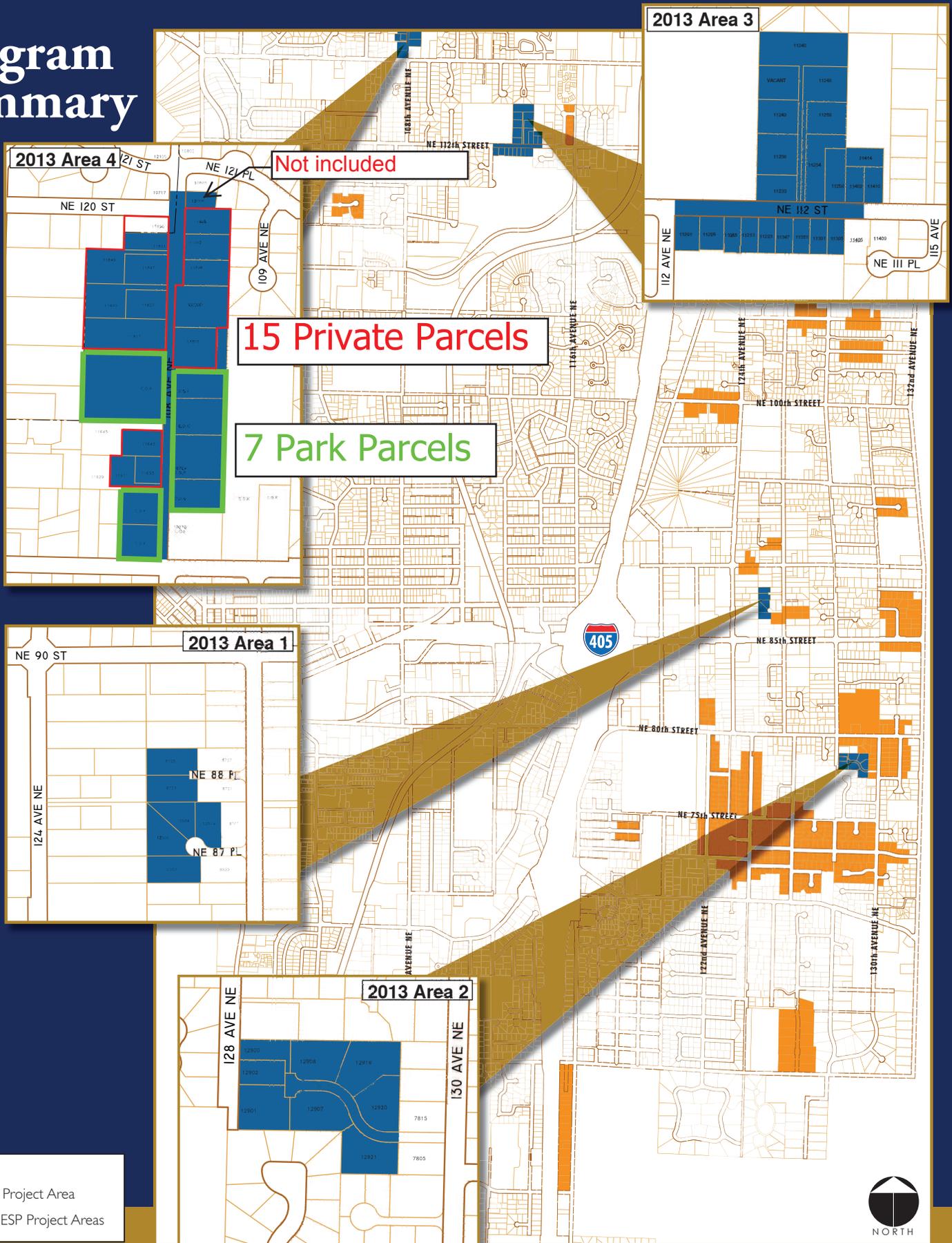
Homeowner name	Signature	Date	Years in Residence
Laura Jacobson	<i>Laura Jacobson</i>	8.26.13	27 yrs.

Property 11643:

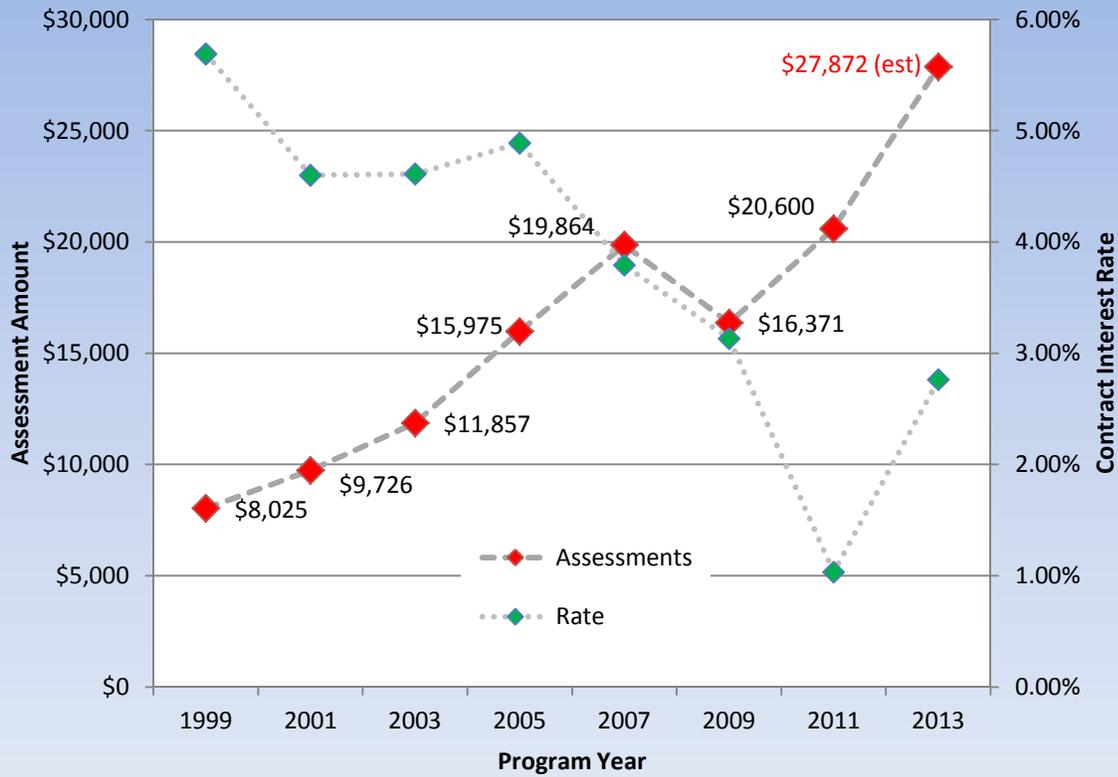
Homeowner name	Signature	Date	Years in Residence
Julie Brand	<i>Julie Brand</i>	9/4/13	17 years



Program Summary



Past ESP Beneficiary Assessments



Total Potential Beneficiary Connection Costs

