

PERMIT CENTER

PAYBACK AGREEMENT REQUIREMENTS

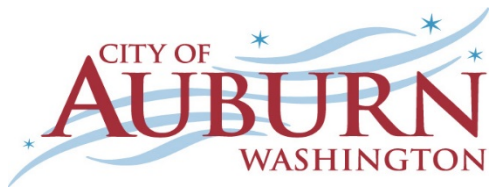
Informational Brochure

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CITY OF AUBURN PAYBACK AGREEMENT REQUIREMENTS

Introduction

The following summarizes the City's Payback Agreement process and requirements. Payback Agreement requirements are defined by Auburn City Code (ACC 3.25) and Washington State Law (RCW 35.72.020 [streets] and RCW 35.91.020 [utilities]).

Definitions

- "Developer" shall be defined as a person, including corporations, firms, companies, individuals, government agencies or officials, or any organization of any kind, who seeks to develop a property.
- "Applicant" is defined as the owner, developer, or building permit applicant who is required by any ordinance of the City to construct improvements as a prerequisite of property development, and who may be eligible to receive reimbursement for a portion of the cost of said improvements.
- "Facilities Extension" is defined as the extension of public water, sanitary sewer, and storm drainage facilities belonging to the City, including, but not limited to conveyance lines, mains, structures, pumping facilities, storage facilities, and treatment facilities.
- "Public Facility Extension Agreement ("FAC") is defined as an agreement between the City and the Developer for the Developer to design, construct, and convey to the City the public portions of the facilities extension and/or transportation system improvement.
- "Transportation System Improvement" is defined as the extension of public streets belonging to the City, including, but not limited to, grading, paving, curbs, gutters, sidewalks, street lighting, and traffic controls.
- "Benefiting Property" is defined as a property that may connect to and/or receive service from a Facilities Extension or Transportation System Improvement, but did not contribute to the original cost of the facilities or system improvement.

What is a Payback Agreement?

A Payback Agreement is an agreement between the City and a developer for the sole purpose of providing a mechanism for reimbursing a developer for a portion of the Developer's original costs of installing a facility extension or transportation system improvement as part of an FAC. Generally, Payback Agreements only include those facilities or streets that extend beyond the limits of the Developer's property, allowing direct connection to or use of the facilities or streets by the benefiting properties adjacent to the facilities or streets. The agreement requires owners of benefiting properties to pay for their pro-rata share of the costs of improvements when they are permitted a connection to the extended facility. The agreement allows the City to collect payments from benefiting properties and pass them on to the Developer. The City collects the money during the normal utility permitting process. Washington State Law allows a maximum term of 20 years for a Utility Payback Agreement (RCW 35.91.020), and a

maximum term of 15 years for a Transportation Payback Agreement (RCW 35.72.020); however, the City, at its discretion, may define a shorter term for the agreement.

The method of determining the reimbursement amounts from the benefiting properties depends on the kind of utilities extension or transportation improvement that occurs. For utilities and streets, the length of the extension along the frontage of the benefiting property is the most commonly-used assessment. For most non-linear improvements, like pump stations, the determination for payback is usually calculated based on the area served by the new facility and the development potential of those parcels based on zoning. This is known as an area assessment method. In cases where both linear and non-linear facilities are installed, (i.e., pump stations and pipes), the front footage and area assessments may be combined. The City Engineer has the authority to recommend other methodologies.

How do I know that I am eligible for a Payback Agreement?

It is the Developer's responsibility to determine if there are properties other than the Developer's property that the Developer believes may benefit from the facility extension or transportation system improvements and be eligible for a Payback Agreement. If the Developer believes there is facility extension or transportation system improvements that are eligible for a Payback Agreement and the Developer wishes to pursue a Payback Agreement, the Developer must submit a Payback Agreement Application prior to execution of the FAC Agreement that includes the payback work. By signing the FAC Agreement, the Developer acknowledges that any facility extension or transportation system improvement that is not explicitly listed in the FAC Agreement is NOT eligible for a Payback Agreement.

What are the next steps if I believe I am eligible for, and want to apply for, a Payback Agreement?

The Developer must submit a Payback Agreement Application and the required attachments listed below before signing the FAC Agreement. Although the Developer will submit a single application, individual Payback Agreements and the non-refundable application fee (see current City of Auburn Fee Schedule) are required for each facility extension or transportation system improvement.

The following attachments must be submitted electronically to applications@auburnwa.gov for each Payback Agreement, with the FAC number and project name:

- Estimate of project costs – eligible costs itemized in an Excel spreadsheet; costs may include design engineering, permitting, property acquisition, construction engineering, contract administration, surveying, and construction
- Scaled map(s) in 8-1/2" x 11" format of proposed payback area showing both the development project's parcels and the benefited properties with tax parcel numbers, together with a depiction of the system improvements
- Legal descriptions of the development project's parcel(s), by tax parcel number
- Legal description of benefited properties, by tax parcel number benefited properties within the proposed reimbursement area
- Preliminary reimbursement amounts for each benefited property, together with a proposed pro rata methodology
- Current and accurate names and mailing addresses for each property owner within the proposed reimbursement area

What is the Payback Agreement approval process?

1. The City will review the submitted materials and provide any revisions. Near the start of construction, the City will notify by letter the benefiting properties of the proposed reimbursement so that any concerns or potential changes may be addressed as part of the Developer's construction.
2. Within 120 days following the Developer's completion of the FAC and transfer of ownership to the City of the facility/transportation system improvements, submit the following for each Payback Agreement. Developer waives the right to a Payback Agreement if the information is not submitted within 120 days.
 - Developer's name, address, and telephone number to include in Section X of the agreement
 - Actual project cost information, together with itemized invoices of the project costs
 - Proposed final reimbursement amounts for each benefited property, together with the pro-rata methodology
 - Revised map to scale that clearly shows the parcels within the benefited area
 - Legal descriptions, and current names and mailing addresses of the owners, of the benefited properties submitted previously, if applicable
3. The City will prepare and provide to the Developer the standard Payback Agreement(s) and exhibits.
4. The Developer will execute and notarize each Payback Agreement.
5. Within 90 days of the City's receipt of the executed Payback Agreement, the City will set a date for a public hearing to receive comments on Payback Agreement.
6. The City will notify the property owners via certified letter of the proposed adoption of the Payback Agreement and provide them with 21 days to provide comments, and will publish the notice in the newspaper of record.
7. The City will conduct a public hearing and review the ordinance for adoption. The City Council has the discretionary power to approve the ordinance, request modifications, or reject the ordinance. The Developer is welcome to attend the public hearing but attendance is not required.
8. Once adopted and executed by the City, the City will record the Payback Agreement with the King or Pierce County Recorder's Office.

What happens once the Payback Agreement is approved?

All properties connecting to a street or water, sanitary sewer or storm facilities for which a Payback Agreement is in force and have not paid their pro rata share will be assessed the charge as provided in the agreement. The payback assessments shall be based on the costs and methodology identified in the approved Payback Agreement. Payback assessments are required to be paid in full before the City allows service connections to a property. Monies collected by the City will then be reimbursed to the Developer, less the payment processing fee for each payment, of said payback within 60 days of the City's receipt of payment, for the duration of the agreement.

What are my ongoing responsibilities?

Every two years from the date of the signing of the agreement, the Developer is required to verify with the City the Developer's address, telephone number and any change in ownership name(s). If the Developer fails to comply with the notification requirements, the City may collect and retain any reimbursement funds owed to the Developer under the Agreement. The funds collected by the City will be deposited in the capital fund of the City.

What are my costs associated with the Payback Agreement Application?

The costs will be assessed for each Payback Agreement per the City of Auburn Fee Schedule. These fees will be due as noted below:

- **Application Fee** – due for each Payback Agreement at the time that the Developer submits an application for a Payback Agreement. Fee is used to cover City staff time to review the application, review the proposed reimbursement area and methodology, prepare the agreement, notify the affected benefited properties, prepare the materials for review and approval by the City Council, and record the Payback Agreement with the assessor's office.
- **Outside Professional Services** – deposit due prior to the services being performed; services are performed on a time-and-materials basis. If outside professional services, including but not limited to property appraisals, legal, surveying, or engineering, are required to evaluate the proposed Payback Agreement or methodology, the Developer /Applicant will be required to reimburse the City for its actual costs associated with such services prior to the City submitting the Payback Agreement to the City Council for approval.
- **Payment Processing Fee** – deducted from each reimbursement amount received by the City from the benefiting properties for service connection; fee covers the City's costs to receive and disburse the remainder of the payment to the Developer.

Questions?

If you have any questions or require additional information about the Payback requirements, please contact the Public Works Department at 253-931-3010, located in the Auburn City Hall Annex, One East Main Street, Auburn, WA 98001.