

Summary of Example Sewer Costs and Charges (June 2019)

Port Hadlock Core Area System

This document provides a summary of the different elements of the currently proposed sewer system for the Port Hadlock Core Area. The elements of the sewer system are shown in the diagram on page 3 of this summary document. Each element would be financed differently. The Sewer Working Group was provided a handout in June that showed one possible example of what the various charges could be for each property. This is an example only and not in any way meant to represent a final determination of what each property owner will pay. The Sewer Working Group and the County are working together to determine what the initial service area should be, how the costs would best be distributed, and how much they should be. This is an example only.

Starting at the home or business, these elements and their financing are:

Element #1: On-Site Elements (Private)

With the pressurized sewer system currently envisioned, these are the pipes, control panel, grinder pump, and curb box (valve) that take sewage from the home/business to sewer collection pipes located in the public right of way (street). This element is paid for directly by the property owner to a contractor who installs this equipment. There may be loan programs available to assist property owners with this element. These costs will vary significantly depending upon factors such as the type of home/business being served, the distance to the street, and the type of restoration required (i.e. lawn, landscaping, or pavement). Therefore, the attached spreadsheet example does not include a dollar cost for this element at this time. Initial estimates are that this element could cost approximately \$12,600 per residence. Costs would be higher for large commercial users requiring larger pumps and pipes.

Element #2: Collection System Elements (Local)

The collection system consists of the pipes in the public streets which transport sewage to the treatment plant. These are considered "local" improvements that would be partially paid for through a Local Improvement District (LID) with the remainder being covered by grants. A LID assesses each property within the boundary a proportional share of the cost of the improvements based upon the special benefit of the project to the property. The special benefit is the difference in the value of the property before and after the project (in this case a sewer system) due to many factors determined by a qualified appraisal team. Assessments show up on the property tax bill and are typically spread over 20 years with interest, although a property owner may pay them all at once.

The current cost estimate for a pressurized collection system in the Port Hadlock Core Area is \$6,532,000. The attached example shows that if each property within the Core Area were assessed at 50% of their special benefit, the LID would provide approximately \$3.8 million for the collection system leaving the remainder to be covered by grants. This is an example only and is based on special benefit appraisal work performed in 2013. Grant agencies have indicated that the property owners will need to form a LID in order to demonstrate clearly that they are willing to pay for some portion of this project before the grant agencies will participate.

Element #3: Treatment Elements (General or Common/Shared)

The wastewater treatment plant and wastewater disposal site are where the collection system brings the sewage for treatment. This element is considered a common and shared facility and each property owner pays for a “share” of these facilities through what is commonly called either a “connection charge” or “system development charge”. The connection charge is paid for by the property owner when they connect to the sewer.

The current cost estimate for this element of the project is \$12,089,000. Connection charges for other municipalities typically range from \$4,000 up to \$16,000 for a single-family residence and higher for commercial users with greater water consumption. The attached example shows what each property owner in the Port Hadlock Core Area would pay if the connection charge were set at \$5,000 per Equivalent Residential Unit (ERU) based on their existing water use. (This is an example only and this connection charge has not been set or approved yet.) An ERU is a factor set to represent typical water used by a single-family residential unit – in this case 4,000 gallons per month on average. Commercial users may be multiple ERUs since they may use more water than a residential unit. All existing water customers who connect in this example are charged a minimum of one (1) ERU. Vacant land would not pay a connection charge until the land is developed and needs to hook in to sewer. When property is redeveloped it would pay a new connection charge based on the new estimated water use or water meter size although there could be a credit if the old sewer connection were abandoned.

In the attached example, the connection charge for the current water users in the Port Hadlock Core Area would provide approximately \$1.8 million towards the estimated \$12.1 million cost of Element #3. The remainder would need to come from state and federal grants or appropriations.

Element #4: Monthly Operations and Maintenance (O&M)

Once a sewer is constructed and homes/businesses are connected, there would be a monthly sewer bill to pay for the operation and maintenance of the system. This covers everything from staff or contractors to operate the plant, power charges, chemicals, lab testing, administrative billing services, insurance, sludge handling/disposal, tools, replacement parts, and creation of an emergency reserve fund. The current estimate for the monthly sewer bill for the Port Hadlock system is \$87 per ERU. This assumes that the sewer would be run by an existing utility provider in order to be the most cost effective. Monthly sewer charges for other municipalities typically range from \$45 to \$105. For small systems like this one where there are fewer users to spread the costs through, sewer charges tend to be at the upper end of the range.

Conclusion:

The attached spreadsheet is an example that shows the possible LID assessment, the connection charge (based on existing customer winter water use), and the monthly O&M charge (again, based on existing winter water use) for each property in the Port Hadlock Core Area. The example adds these costs together, spreads them over 20 years, and then expresses the cost as a monthly cost. This is for illustrative purposes only since once the LID assessment and connection charge are paid off, the property owner would only pay the O&M charge.

Wastewater System Elements

