

Multiple Agency Fiscal Note Summary

Bill Number: 1102 HB	Title: Sewer system in right-of-way
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Estimated Cash Receipts

NONE

Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Health	.0	0	0	.0	0	0	.0	0	0
Total	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Impact

NONE

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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Individual State Agency Fiscal Note

Bill Number: 1102 HB	Title: Sewer system in right-of-way	Agency: 303-Department of Health
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Part I: Estimates

☒ **No Fiscal Impact**

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Ethan Moreno	Phone: 360-786-7386	Date: 01/12/2015
Agency Preparation: Jodine Sorrell	Phone: 360-236-4532	Date: 01/14/2015
Agency Approval: Kristin Bettridge	Phone: (360) 236-4530	Date: 01/14/2015
OFM Review: Bryce Andersen	Phone: (360) 902-0580	Date: 01/14/2015

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill requires no immediate rule-making or any change in on-site wastewater program implementation practices; therefore, there is no fiscal impact to the Department of Health.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1102 HB	Title: Sewer system in right-of-way
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Part I: Jurisdiction—Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Cities that provide sewer service and have mandatory connection requirements
- ☒ Counties: Counties that provide sewer service in areas that have mandatory connection requirements
- ☒ Special Districts: Wastewater districts areas that provide sewer service in areas that have mandatory connection requirements
- ☒ Specific jurisdictions only: Jurisdictions that have mandatory sewer connection requirements
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: Jurisdictions may elect to not extend sewer service
- ☒ Key variables cannot be estimated with certainty at this time: Number of existing homes on septic systems that will fail; cost of sewer line extensions

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Allan Johnson	Phone: 360-725-5033	Date: 01/14/2015
Leg. Committee Contact: Ethan Moreno	Phone: 360-786-7386	Date: 01/12/2015
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 01/14/2015
OFM Review: Bryce Andersen	Phone: (360) 902-0580	Date: 01/15/2015

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This legislation would require local government funding of some sewer line extensions within the public right-of-way under specified conditions. This situation would be triggered when approval for an on-site sewage system (septic system) for an existing single family home is denied by the local health department based upon a local law, ordinance, or regulation that requires connection to a sanitary sewer system. If the local government does not extend the sewer line, then the health department would be required to issue the septic system permit (unless the denial was related to concerns about health, environment or the ability to operate and maintain the system).

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

There are a wide range of factors that affect the fiscal impact of this legislation on local governments; because of this variability the fiscal impact of this legislation is indeterminate. However, for the purposes of illustration, using mid-point estimates it appears that this bill would increase the financial obligations of jurisdictions by up to \$116,820,000. It is likely that most of this impact would occur in select cities, although some counties with significant population in unincorporated urban areas would also be affected.

The estimated proportion of homes that utilize septic systems in Washington ranges between one third and one half depending upon the information source. In addition, there is not an exact count of housing units within urban growth areas that rely on septic systems. However, assuming the vast majority of homes located outside of urban growth areas are on septic, there are likely 300,000 to 800,000 urban single-family homes using on site sewer systems.

National estimates indicate that 1 percent to 3 percent of septic systems experience major failure each year requiring replacement (less severe failure rates are much more frequent). At this failure rate, there would be up to 3,000 to 24,000 failures requiring local funding of sewer improvements (if all jurisdictions located within urban growth areas require sanitary sewer connections). This number would be higher if jurisdictions not planning under the provisions of the Growth Management Act also required sewer connections.

The Water Environment Federation estimates there are 20 feet of sewer lineage per person in the United States. The 2010 Census indicated that households within Washington urban growth areas had an average household size of 2.36. Therefore, based upon estimate failure rates there will be 141,600 to 1,132,800 feet of sewer lines needed annually to meet demand.

Per linear footage of sewer line extension is highly dependent upon a variety of factors including topography, timing, construction rates, system requirements and soil conditions and this variability creates a wide range of per foot costs for sewer extensions. A sampling of sewer extension projects indicates sewer linear footage costs ranging from \$40 to \$700 and an average cost of \$225.

Because of the wide range of estimates for various factors, a precise fiscal impact of this legislation on local governments cannot be identified. The lower end of these estimates shows the fiscal impact of this legislation on local governments would likely be at least \$5,640,000 but based upon averages could easily reach \$116,820,000.

- 550,000 single family homes in urban growth areas on septic systems
- 2 percent annual failure rate of septic systems requiring replacement
- 47.2 feet of sewer line extension per house (20 feet times 2.36 people per house)
- \$225 per linear foot of sewer line extension
- (550,000 times 2 percent times 47.2 times 225 is \$116,820,000)

This impact would occur to cities or counties that have mandatory sewer requirements and would primarily affect locations within urban growth areas. In these circumstances, cities or counties would need to evaluate these new fiscal obligations with their commitment to goals such as urban density, aquifer protection and efficient provision of services. If the jurisdiction elected to let the septic system replacement proceed by not extending sewer lines, then the jurisdiction may incur fiscal impacts that are beyond the capacity of this analysis.

Mandatory sewer connection requirements used by many jurisdictions in Washington State and commonly employed by those located within urban growth areas designated through the Growth Management Act. Many jurisdictions have adopted these requirements to promote multiple policy goals, including protection of environmental attributes (such as clean aquifers) and the efficient provision of urban services within designated urban growth areas.

The Washington State Administrative Code currently requires a lot size of 12,500 square feet for on-site sewage systems although in some cases smaller lots may be approved. This lot size translates into a density of approximately 3.5 units/acre which generally falls below most jurisdictions goals for development within the residential portions of their urban growth areas. Therefore, sanitary sewers have largely been viewed as the preferred method to address wastewater needs within urban areas.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

This legislation would result in an indeterminate reduction in revenue currently remitted to jurisdictions connecting to public sewer systems as a result of mandatory connection requirements by property owners.

SOURCES:

"2010 Census: SF1", U.S. Census Bureau, April, 2010
"Access Water Knowledge: Sanitary Sewers Fact Sheet", Water Environment Federation, May, 2011
"Homeowner's Guide to Onsite Sewage Systems" Kitsap Public Health District, Jan. 2015
"How will annexations affect Sewers and Septic Systems?", City of Renton, Nov. 2006
"MRSC Inquiries - Utilities", Municipal Research Services Center, Jan. 2015
"Notices of Required Sewer Connections", Municipal Research Services Center, July 2012
"Rule Development Committee Issue Research Report", Washington State Department of Health, Aug. 2002
"Septic System Failures", Penn State University Extension, Feb. 2012
"Septic System FAQs", PugetSoundStartsHere.org, Jan. 2015
"Septic to Sewer Conversion Program", City of Olympia, Feb. 2014
"Sewer Fright" Decatur Daily, April 23, 2007
"Thousands of failed septic tanks across the state threaten Michigan's waters", Bridge Magazine, May 14, 2013
Andy Haub, Planning and Engineering Manager, City of Olympia, Interview Jan. 14, 2015
National Environmental Services Center Website, West Virginia University, Jan. 2015
WAC 246-272A-0320
Washington On-Site Sewer Association, www.wossa.org, Jan. 2015