



Spokane Plan Commission Agenda

Wednesday, October 25, 2023

2:00 PM

Hybrid - Council Briefing Center / Webex
808 W Spokane Falls Blvd, Spokane, WA 99201

Virtual Meeting Link - See Below For Information

TIMES GIVEN ARE AN ESTIMATE AND ARE SUBJECT TO CHANGE

Public Comment Period:

3 minutes each	Citizens are invited to address the Plan Commission on any topic not on the agenda.
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Commission Briefing Session:

2:00 – 2:20	<ol style="list-style-type: none">1. Approve 10/11/2023 meeting minutes2. City Council Report3. Community Assembly Liaison Report4. President Report5. Transportation Sub-Committee Report6. Secretary Report7. Approval of current agenda	All CM Ryan Oelrich Mary Winkes Greg Francis Clifford Winger Spencer Gardner
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Workshops:

2:20 – 3:00	1. South Logan TOD Subarea Plan & FEIS	Maren Murphy
3:00 – 3:45	2. Bike Network Prioritization Planning	Tyler Kimbrell
3:45 – 4:00	3. Transition to Chambers	

Hearing:

4:00-6:00	1. General Facilities Charges	Katherine Miller
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Adjournment: The next PC meeting will be held on Wednesday, November 08, 2023

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Plan Commission Meeting Information

Wednesday, October 25, 2023

Plan Commission will be held in a hybrid in-person / virtual format. Members of the public are welcome to attend in person at City Hall or online using the following information.

Meeting Password: PlanCommission	Join Webex Meeting Online: JOIN MEETING Tap to join from a mobile device (attendees only) +1-408-418-9388 , 24908460369## United States Toll Join by phone +1-408-418-9388 United States Toll
Meeting Number (access code): 2490 846 0369	Global call-in numbers: https://spokanecity.webex.com/spokanecity/j.php?MTID=m5e03b6519fee915bb112b5e95f3c6b27 Join from a video system or application: Dial 24908460369@spokanecity.webex.com You can also dial 173.243.2.68 and enter your meeting number.

How to participate in virtual public testimony:

Sign up to give testimony by clicking on the button below. This will take you to an online google form where you can select the hearing item on which you wish to give testimony.

[SIGN UP](#)

The form will be **open until 1:00 p.m.** on October 25, 2023. Hearings begin at 4:00 p.m. When it is your turn to testify, Plan Commission President will call your name and you can begin your testimony. You will have 3 minutes to speak.

Please note that public comments will be taken during the meeting, but the public is encouraged to continue to submit their comments or questions in writing to:

plancommission@spokanecity.org

The audio proceedings of the Plan Commission meetings will be recorded, with digital copies made available upon request.

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Plan Commission & Committees

Upcoming Agenda Items

November 7 – PCTS (Hybrid)		
Time	Item	Presenter
9:00 am – 9:30 am	Meeting Briefing	PCTS

November 8, Plan Commission (90 minutes available) Hybrid		
Housing Work Group		
1:00 – 1:30	Cancelled	
Workshop		
Time	Item	Presenter
2:00 – 2:20	Meeting Briefing	Plan Commission
2:20 – 2:40	(tentative) 29 th Avenue, Martin St to Fiske St – adding a Centers & Corridors Pedestrian Street designation SMC 17C.120.030	Tirrell Black, Brandon Whitmarsh
2:40 – 3:10	Center & Corridor Update Study: Regulatory Recommendations Progress Check-In	MAKERS
3:10 – 3:45	2024 Work Plan	Spencer Gardner
3:45 – 4:00	Transition to Chambers	
Hearing Items		

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Spokane Plan Commission - Draft Minutes

October 11, 2023

Webex Teleconference

Meeting Minutes: Meeting called to order at 2:00 PM by Greg Francis

Attendance:

- Board Members Present: Greg Francis (President), Ryan Patterson (Vice President), Jesse Bank, Clifford Winger, Kris Neely, Carole Shook, Christopher Britt, Todd Beyreuther, Tim Williams
- Board Members Not Present: Michael Baker
- Non-Voting Members Present: Mary Winkes (Community Assembly Liaison)
- Non-Voting Members Not present: Council Member Ryan Oelrich
- *Quorum Present: yes*
- Staff Members Present: Spencer Gardner, Ryan Benzie, KayCee Downey, Tim Thompson, Kevin Freibott, James Richman, Angie McCall, Steve MacDonald

Public Comment: Citizens are invited to address the Plan Commission on any topic not on the agenda. 3 Minutes each.

Minutes: Minutes from 9/27/2023 approved unanimously (/)

Current Agenda: The current agenda was approved unanimously.

Briefing Session:

1. **City Council Liaison Report - Ryan Oelrich**
 - Absent
2. **Community Assembly Liaison Report - Mary Winkes**
 - Mary Winkes reported on proposed recent changes to neighborhood councils and how these will change the makeup of these councils.
3. **Commission President Report - Greg Francis**
 - None
4. **Transportation Subcommittee Report - Clifford Winger**
 - Cliff Winger reported on the upcoming lime contract expiration and upcoming request for proposals for a new contract. Part of the discussion included scooter use on sidewalks and number of providers under the new contract.
5. **Secretary Report - Spencer Gardner**
 - Spencer Gardner introduced Angie McCall as the new clerk that will be facilitating plan commission meetings
 - State Senator Andy Billig hosted a bike town hall with City planning staff in attendance.
 - The APA Washington conference is being held this week in Spokane.
 - The Centers & Corridors Update Study is beginning with public outreach. Plan Commissioners and the general public are encouraged to participate.
 - Proposed motion language and amendment information has been provided to the Plan Commission for the upcoming BOH hearing item.

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Workshop(s):

1. Tentative Upcoming Agenda Items

- Discussion by the Plan Commission regarding future meeting agendas through the end of 2023.

2. General Facilities Charges

- Presentation provided by Katherine Miller, Loren Searl, Raylene Gennett, & Marlene Feist
- Questions asked and answered
- Discussion ensued
 - Kris Neely joined at 2:47 PM

Hearing(s):

1. 2024-2029 Citywide CIP

- Presentation provided by Kevin Freibott
- Questions asked and answered
- Discussion ensued
- Public Testimony: None
- Motion:
 - Ryan Patterson moved to recommend the 2024-2029 Citywide Capital Improvement Plan as proposed by staff for approval. Clifford Winger seconded. Motion carried with amendments (9/0)
 - Amendments:
 - Christopher Britt moved that the Plan Commission received comments about fire protection service in the Latah Valley and encourages City Council to explore mechanisms for financing additional infrastructure consistent with the Comprehensive Plan. Kris Neely seconded. Amendment passed (8/0/1 abstention)
 - Tim Williams moved to include in the Findings of Fact that the Plan Commission is concerned that no project planning for the purchase or construction of a homeless shelter has been included in the CIP process. Seconded by Christopher Britt. Motion carried unanimously (9/0).

2. Building Opportunity for Housing (Code chapters 17A.020, 17A.040, 17C.110, 17C.120, 17C.122, 17C.200, 17C.230, 17C.300, 17D.060, 17G.020, 17G.025, 17G.060, 17G.061, and 17G.080)

- Presentation provided by Tim Thompson and KayCee Downey
- Questions asked and answered
- Discussion ensued
- Public Testimony:
 - Harold Vanderpool spoke in favor of the proposal in general and in opposition to specific proposed code changes.
- Recess until 6 PM.
 - Mary Winkes left during the recess
- Motion:
 - Ryan Patterson moved that the Plan Commission recommends approval of the proposal to all of the sections of 17A, 17C, 17D, and 17G in the Spokane Municipal Code as presented by staff and included in the agenda packet. Motion carried with amendments (9/0).
 - Amendments:
 - Jesse Bank moved to update Table 17C.111.205-1 to implement a minimum lot area of 1,200 s.f for the R1, R2, RMF, and RHD zones. Clifford Winger seconded. Motion carried unanimously (9/0)
 - Greg Francis moved to update and make consistent the Development Bonuses regulations by renaming the second Table 17.C.11.205-2 "Development Standards for Properties Qualifying for Development Bonuses," changing the table number to 17.C.111.205-3, and adding Footnote [2]

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to the same table to read: “Criteria to qualify for Development Bonuses is outlined in SMC 17C.111.225” Tim Williams seconded. Motion carried unanimously (9/0)

- Clifford Winger moved to update and make consistent references found in 17C.111 by updating 17C.111.225(B) to reference Table 17C.111.205-3 rather than 17C.110.205-3, and update 17C.111.235(B)(2)b to reference table 17C.111.230 instead of 17C.110.230. Jesse Bank seconded. Motion carried unanimously (9/0)
- Ryan Patterson moved to recommend that the City Clerk be authorized to make clerical adjustments to all sections of Title 17 for the purposes of ensuring consistency with this proposal, including but not limited to:
 - Replacing references to RSF with R1
 - Replacing references to RTF with R2
 - Removing references to RSF-C
 - Updating all references to ensure correction section and subsection identifiers
 - Updating all table numbers to be consistent with the usage established in this proposal, which is to number tables with the title, chapter, and section, followed by a dash and a sequential number.

Carole Shook seconded. Motion carried unanimously (9/0).

- Greg Francis moved to remove the Middle Housing mix of housing requirements for subdivisions greater than 2 acres by striking SMC 17G.080.050(F) and striking 17G.080.050(G)(5) which references F and recommending that this be added to the Plan Commission workplan for further discussion. Christopher Britt seconded. Motion carried unanimously (9/0)
- Todd Beyreuther moved to substitute the parking regulations found in SMC 17C.230.130 and Table 17C.230-2 with the alternative parking regulation language found in Exhibit H, which aligns with the interim parking ordinance passed by City Council earlier this year. Jesse Bank seconded. Motion carried unanimously (9/0).
- Todd Beyreuther moved that the Plan Commission recommends a Design Review performance pathway for Licensed Design Professionals with sealed plans. Christopher Britt seconded. Motion failed (1/5/2 abstentions)

Meeting Adjourned at 7:35 PM

Next Plan Commission Meeting scheduled for Wednesday, October 25, 2023

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BRIEFING PAPER
City of Spokane
Plan Commission
Workshop
October 25, 2023

Subject

The South Logan Transit-Oriented Development (TOD) Project supports more connectivity and livability for the community, businesses, and organizations in the South Logan area of the Logan Neighborhood. The City of Spokane posted the Draft South Logan TOD Plan and the Draft Environmental Impact Statement for public review from May 9 – June 8, 2023, with a public workshop hosted on May 18. Public comments received during the public comment period are considered in review and finalization of the final subarea plan and FEIS. Public comment, plan values, and the environmental analysis shaped the preferred alternative as the direction for future growth and development in South Logan. The project team conducted workshops on the development of the preferred alternative with the Plan Commission on June 14 and July 12, as well as hosted a virtual workshop for the community on June 22.

At the October 25 workshop, project staff will provide an update on the process and an overview of the Final Plan and Final EIS. A public hearing for the final plan and FEIS is scheduled for November 8. The final plan and FEIS will be posted to the project page soon, and previous materials and information are currently available: <https://my.spokanecity.org/southlogantod>.

Impact

The South Logan TOD Project is reviewing development regulations zoning, and design standards to encourage a mix of uses in a pedestrian-friendly environment close to transit; studying environmental impacts and mitigation measures of planned development to streamline permitting; and creating a plan and policies, based on community vision, that provide a coordinated framework and approach in the project area. The development of a Planned Action EIS will provide more detailed analysis of the impacts of many potential projects all at once during the planning stage, rather than each project one at a time. The goal is to facilitate development that will help achieve goals for the area by simplifying and expediting environmental review of future individual projects. The outcome will likely result in land use changes and new development opportunities.

Funding

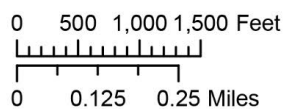
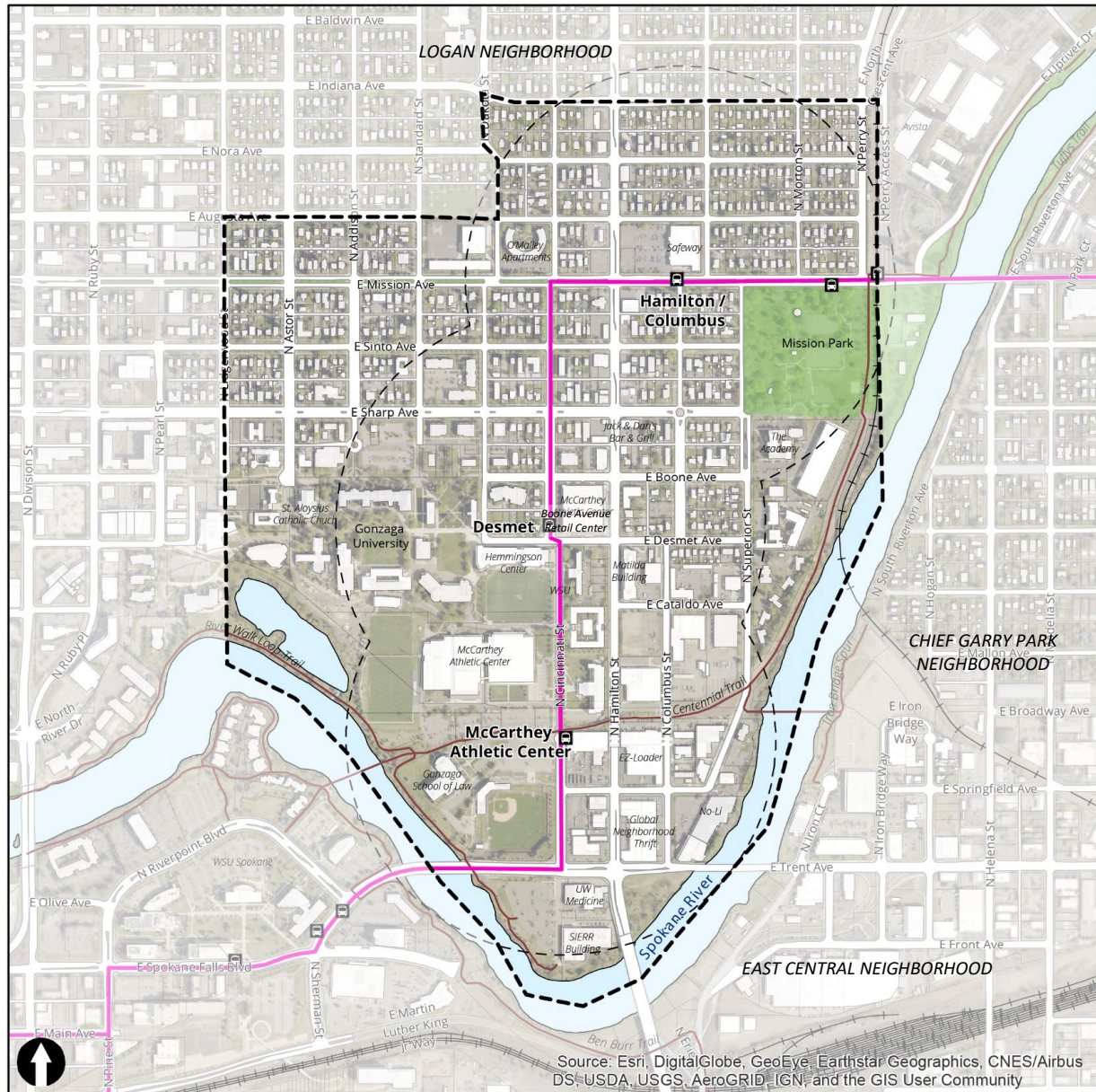
This project is funded by the Transit-Oriented Development Implementation (TODI) grant program through the WA Department of Commerce. Final deliverables are expected to be completed in by end of 2023.

Consideration:

The final subarea plan and final EIS will come before the Plan Commission for consideration and recommendation, and ultimately be forwarded to the City Council for recognition by resolution. Additional implementation work on ordinances will begin after this process.

BRIEFING PAPER
City of Spokane
Plan Commission
Workshop
October 25, 2023

SOUTH LOGAN STUDY AREA
CONTEXT MAP



- Study area
- City Line route and stop
- Parks
- Trails
- 1/4 mile from City Line
- Railroad

PRIORITY BICYCLE NETWORK BRIEFING PAPER
City of Spokane
Plan Commission Workshop
Planning Services
October 25, 2023

Subject

A priority bicycle network project has been established to define key bicycle routes that connect all city districts and are suitable for people of all ages and abilities.

Background

The proposed bike network map in the City's Comprehensive Plan Chapter 4: Transportation includes several bike network designations that determine the level of future treatment of a particular roadway segment. Currently, there are ten designations that a road segment can receive on the future bike network map.

This project's goal is to streamline the identification of key routes within the city's roadway network to better signify where future investment in bikeway design is located. The streamlined or "backbone" network is intended to provide an all-ages and abilities bicycle network that supports alternative modes of travel in a comfortable environment with reduced vehicle conflicts. Some of the goals of the project include increasing safety and comfort, avoiding or mitigating physical barriers, increasing connectivity, improving access to destinations, and improving transportation equity.

Deliverables

The priority bicycle network project is primarily a data and GIS analysis exercise. The consultant will produce a map based on criteria (see goals above) set by staff and stakeholders that identifies key bicycle routes across the city. These routes will then be checked and calibrated by incorporating feedback from the project team and stakeholders with on-the-ground cycling experience.

Additionally, the consultant will be providing a memo that documents the network development principles to guide future network development.



STAFF REPORT

PLANNING AND ECONOMIC DEVELOPMENT SERVICES DEPARTMENT

To:	City Plan Commission	
Subject:	General Facility Charges	
Staff Contact:	Katherine Miller Director of Strategic Initiatives kemiller@spokanecity.org	Marlene Feist Division Director Public Works mfeist@spokanecity.org
Report Date:	October 9, 2023	
Hearing Date:	October 25 th , 2023	
Recommendation:	Approval	

I. SUMMARY

General Facility Charges (GFC's) are a one-time charge imposed as a condition for a new utility connection. GFCs represent a proportionate share of the capital investment made to provide system capacity. GFC's can only be used to fund growth-related capital projects or associated debt service; they may not be used to fund operation and maintenance costs. The law governing GFCs is in RCW 35.92.025, which provides that each connection shall bear their equitable share of the cost of the system capacity required to serve it. GFCs ensure future customers pay for the capacity that existing customers have already provided for them. The City of Spokane established GFCs over 20 years ago and they had not been updated or had any index applied to keep up with current costs. Spokane City Council approved Ordinance C-36372 in March 2023 which updated GFC charges for both sewer and water. The amendments are consistent with state law. Also in March, Council requested that staff complete additional education and outreach to gather feedback on the changes that were approved to determine if additional changes were needed. A review by Plan Commission was requested.

II. BACKGROUND

In 2019, the City contracted with FCS Group to provide an in-depth evaluation of all of the City's utility rates, including GFC charges. GFCs were finalized in early 2023. City Council, as part of the approval process for Ordinance C-36372 asked City staff to complete further review of the GFC process by including additional stakeholder groups. The Mayor's Review Committee (Review Committee) was created and consisted of representatives from a wide range of interests, including developers, Non-governmental Organizations (NGOs), and neighborhood representatives. This Review Committee did an in-depth review. The Review Committee focused on four (4) key topic areas, which are being presented to the Plan Commission for consideration: (1) Interest – whether interest should be included in the GFC calculations; (2) Zones – whether there should be 2 zones or one single zone for water GFC charges; (3) Methodology (Meter Capacity Equivalents-MCEs or Equivalent Residential Units-ERUs) for calculating GFC charges; and (4) Phase In – whether the newly adopted GFC charges should be phased in over time.

The Review Committee was also provided information on the development of an incentive program for GFCs for certain types of development.

III. PROCESS

Council approved Ordinance C-36372 that includes interest, two zones for Water GFCs, and MCEs as the unit of measurement. The full cost of GFCs will go into effect on March 5, 2024. Council requested during the process of approving the Ordinance that an incentive package to developed for Council consideration by the end of the year. While there was not a full consensus on the above topics by the Review Committee. There were two (2) areas of consensus – (1) use of a 5/8-

inch meter option, so long as certain conditions were met, such as low water usage through Spokanescape and a small fixture count; and (2) providing incentives.

Role of the City Plan Commission

Section 127 of the City Charter states:

The city plan commission shall perform such functions and have such powers as may be conferred upon it by the city council by ordinance. The city council may, by a majority vote, direct the plan commission to perform specific actions in relation to potential or pending legislative action of the city council.

Furthermore, Section 128 of the Charter specifies that:

In addition to the powers that may be specially conferred upon the plan commission by ordinance, it shall have power to investigate and make recommendations to the city council in relation to all matters pertaining to the living conditions of the City; the betterment of facilities for doing public and private business therein; the elimination of slums; the correction of unhealthful housing conditions; the proper laying out, platting, and naming of streets, squares, and public places, and the numbering of buildings and houses therein; the location, planning, and architectural designing of public buildings; and generally, all things tending to promote the health, convenience, safety, and well being of the City's population, and to further its growth along consistent, comprehensive and permanent plans.

City Council, in adopting ORD C-36372, requested that the Plan Commission provide feedback to City Council as part of the review process for the GFCs. In most cases, the items considered by Plan Commission reside within SMC Title 17. *This matter does not include amendments to Title 17 but has been brought before Plan Commission at the direction of City Council.*

Role of City Council

As part of the Ordinance update process, the City Council will deliberate and review the proposed text amendments, public comments and testimony, the staff report, and any Plan Commission recommendation. The final decision to approve, modify, or deny the proposed amendments rests with the City Council. Proposals adopted by ordinance after public hearings are official amendments to the Spokane Municipal Code.

COMMUNITY ENGAGEMENT

Mayor Review Committee	6 separate meetings over 5 months
Equity Subcommittee	August 1 st 2023
Sustainability Action Subcommittee	June 6 th 2023
Housing Action Subcommittee	June 15 th 2023
Spokane Low Income Housing Consortium	August 16 th 2023
Northeast Public Development Authority	April 14 th & May 12 th 2023
West Plains Public Development Authority	March 9 th 2023
Associated General Contractors (AGC)	May 31 st 2023
Council PIES Committee	Monthly starting in April 2023
Plan Commission Workshop 1 ** See Exhibit A**	September 27 th 2023
Plan Commission Workshop 2 ** See Exhibit B**	October 11 th 2023

SEPA REVIEW

N/A

COMMENTS RECEIVED

- See Exhibit D for comments received to date.

IV. DISCUSSION

There are four key topics the review committee covered and for which a Plan Commission recommendation is desired. These are: Interest

Interest:

State law allows for GFC charges to include interest charges applied from the date of construction until the connection, not to exceed 10 years, at a rate commensurate with the rate of interest at the time of construction. This is not a requirement and the Review Committee wanted to fully understand that accounting for interest was a choice not a requirement.

Zones:

Ordinance C-36372 established two zones for the Water GFC - a lower and upper zone. Water is pumped from central locations within the City – to move water to the outreaches of the City, the water is pumped through booster stations or in-line booster pumps. The purpose of having two zones was two-fold: (1) Once the water goes through a booster station (or in-line booster pump) the lower zone no longer benefits from the facilities located higher in elevation; and (2) Most of the needed facilities support additional growth along the perimeter of the City.

MCEs vs. ERUs:

One of the basic tasks in determining GFC's is to develop a unit of measurement that GFC's can be based on. Meter Capacity Equivalents (MCE) and Equivalent Residential Unit (ERU) are two different ways to develop a unit of measurement. Both are reasonable methods as long as all the information is available. The current Ordinance utilizes MCEs for the following reasons:

- Using the actual meter as the unit of measurement supports water conservation because it allows new development to pay a lower fee by demonstrating a reduced need for water compared to other, similar developments.
- The meter size a development needs is based on how many fixtures (faucets, showers, toilets, dishwasher, washing machines, etc.) a development is planning on using. By using MCE as the unit of measurement, there is a direct correlation between the facility charge and the attributes of development (water fixtures) that necessitate new system capacity. An ERU-based rate makes usage assumptions for different types of development without any direct connection to the actual usage.
- Developing an ERU for sewer GFCs will need further evaluation because sewer flows are not metered. Sewer flows include ground water that seeps into the existing sewer system and stormwater from combined sewers which take up capacity. The City would need to conduct further study to measure these flows and properly develop a sewer GFC based on ERUs if the current method is changed.

Phase in:

Council established a lower interim GFC cost for 2023. The full cost of the GFC is set to go into effect in March 2024. GFCs could be phased in. While the review committee generally agreed GFC's should be phased in, no specific plan was discussed.

Incentives:

State law requires that any offsets, reductions or waivers of system charges must be "backfilled" through other funding sources. In other words, if the City desires to reduce or waive GFCs for specific types of development, such as affordable housing, it must do so by funding the GFC charges from another (non-utility) source, such as grant funds or general funds.

The structure and funding mechanisms for an incentive program have not been included for consideration by the Plan Commission. Since incentives are related to the overall development, information has been included for informational purposes on the expected design of the program.

The incentive program, as currently envisioned, would apply to developments that provide affordable housing. There are several routes for qualification including:

- Projects using the 12-year or 20-year Multi-Family Tax Exemption (MFTE) program, which requires a minimum of 30% of units to be reserved for low-income or workforce housing.

- Projects qualifying for the Parking to People program, which requires at least 50% of units to be reserved for low-income or workforce housing and only applies to development on land formerly used for parking vehicles.
- Projects that make use of state or federal funding for affordable housing.

The anticipated program would charge the Lower Zone fee for projects that qualify within the Upper Zone. Projects that qualify within the Lower Zone would be charged 50% of the Lower Zone fee. To ensure funding availability for potential projects, the total incentive per project would be capped at \$40,000 for water GFCs and \$20,000 for sewer GFCs.

Additional Considerations:

Staff also recommends the following modifications to the existing code enacted by Ordinance C-36372.

- Addition of 5/8-inch meter option.
This allows for a further reduced rate for development that uses smaller amounts of water through conservation measures or other water-saving features.
- Updates to the sewer charge.
Further review of the sewer charges established by Ordinance C-36372 yielded new information that affects the base calculations and modifies the allowable costs for new development.
- Clarification for the annual fee adjustment index.
The use of the Engineering News Record (ENR) construction cost index for annual escalations to GFC fees, as adopted in Ordinance C-36372, needs some minor clarifications that are included in this proposal.
- Clarification on master meters in a Planned Unit Development (PUD).
Since the adoption of Ordinance C-36372, questions have been raised about how to apply fees to a master meter when a developer wishes to pay GFCs over time as houses are developed instead of at the time a meter is installed.

V. STAFF RECOMMENDATION

Following the close of public testimony and deliberation, Plan Commission will be asked to provide recommendations to City Council. Staff recommends approval of this proposal, which would support the existing Ordinance C-36372 with amendments described in this report.

In summary, the staff recommendation is as follows:

- (1) Continue to apply interest charges from the date of construction in the calculation of system costs as provided for in Ordinance C-36372
- (2) Preserve the Upper and Lower fee zones for water GFCs as established by Ordinance C-36372
- (3) Continue to use MCE as the basis for calculating GFCs as adopted by Ordinance C-36372
- (4) Add a 5/8 inch meter option to the GFC rate schedule
- (5) Allow a phase in of escalating GFC fees over a period of two years - 2024 and 2025. See Exhibit C.
- (6) Update the sewer charge to account for new information
- (7) Clarify how the ENR index will be used
- (8) Clarify how master meters will be charged when a developer would like to pay the GFC as houses are developed
- (9) Clarify the incentives as recommended by the Community and Economic Development Division.

VI. LIST OF EXHIBITS

- A. Power Point presented at the September 27th Plan Commission Workshop
- B. Power Point presented at the October 11th Plan Commission Workshop
- C. Two year Phase-in proposal
- D. Comments received to date

EXHIBIT A



General Facilities Charges Plan Commission September 27th, 2023 City of Spokane



Slide 1

Two Parts to the Conversation

- Today's presentation will be background information
 - Why we are updating the GFC fee
 - What has been approved by Council
 - Outreach that has been done
- October 11th workshop
 - Review items that could be altered
 - Review Stakeholder comments

Slide 1

General Facility Charge Overview

- One-time charge imposed as a condition for a new utility connection.
- Represents a proportionate share of the capital investment made to provide system capacity.
- Can be used to fund capital projects or related debt service; may not be used to fund operation and maintenance costs
- Governing state law:
 - RCW 35.92.025: *In general, each connection shall bear a proportionate share of the cost of the system capacity required to serve it.*
- Ensures future customers pay for the capacity that existing customers have already provided for them

Slide 3

Spokane GFC History

- GFCs are charges that new development pays to connect to our Water and Wastewater Systems; promote “growth-pays-for-growth” policies
- GFCs implemented over 20 years ago in Spokane;
 - Had never been updated and had no inflationary index
 - Had been waived (meaning we have been generating reduced funds from growth related projects and relying on Utility rates instead).
- Without a GFC (or waiving the GFC)
 - All growth-related costs are paid for by existing ratepayers only
 - Rates are higher as a result
- Setting the GFC Below the Actual Costs (or waiving charges)
 - Shifts the burden between the fees and the costs to existing ratepayers
 - Probably resulting in higher debts and higher rates to support debt

Slide 4

Why Now?

- **Transition to a higher growth community.**
 - After many years as a low -growth community, our community and our neighbors are feeling the pressure of higher growth.
- **Construction Cost increases.**
 - Construction costs over the last 20 years have significantly outpaced the fee amounts being charged
 - i.e. SIA Tank on the West Plains: Eng Est was \$9.3M; Bid came in at **\$13.3M**
 - Water GFCs collected (and Waived) = \$12.9M over FOUR years (2019 -2022). GFCs actually collected = **\$9.8M**
- **The Need for Housing.**
 - The City's ability to keep pace with needed housing will depend on the City's ability to pay for the needed capacity improvements
- **The PAST Latah Valley Building Moratorium**
 - The Latah Valley moratorium was implemented to address infrastructure concerns around transportation and utilities.
 - The moratorium was lifted last March after City staff was able to complete the updating of the General Facility Charges (GFCs).

Slide 5

What Council Approved in March 2023

- **Council Approved BOTH an Interim and Final GFC**
 - City Council approved an interim GFC through March 2024.
 - **GFCs were increases by 66%** -- to represent the inflation on the GFCs that were adopted in 2002.
 - Projects with a building permit or a counter complete application for a building permit at the time of new rates were adopted fell under the historic rate.
 - Are in place through March 4, 2024.
 - The Final GFC would take effect after March 5th 2024
 - Details are provided in this presentation
- **Incentives in 2023:**
 - ADUs in certain zones are exempt from GFCs until the end of 2024.
 - GFCs are deferred or waived for affordable housing projects.
 - Public Works & Community/Economic Development Divisions were charged with developing a way to pay for incentives.

Slide 6

GFC Recommendation

The GOAL

- A Citywide update to the GFCs that represents current costs and anticipated projects over time and helps to keep monthly rates more affordable for everyone.
- Uses a reasonable and rational approach to assign costs.
- Ties GFCs to an inflationary index to avoid having the fees quickly get behind and avoid having to make such major changes in the future.
- Supports certain types of development with a dedicated funding source for GFCs.
- Implements new costs over time to allow our community time to adjust.
- Supports City goals around water conservation.

Slide 7

Community and Stakeholder Outreach

- **Prior to Council's adoption in March of 2023**
 - » GFC website was launched in February
 - A Frequently Asked Question (FAQ) section was created
 - Reported our responses to multiple question from stakeholders to both the Mayor and Council
 - Provided 7 Emailed updates to approx. 122 Stakeholders/interest groups
- **Additional Outreach After Council approved the ordinance**
 - » Process was designed to consider options or changes to the rates that would go into effect in March 2024.
 - » Established the **Mayor's GFC Review Committee- 6 committee meetings.**
 - » Multiple presentations to additional groups, including Plan Commission, Equity Subcommittee, Sustainability Action Subcommittee and Housing Action Subcommittee, Spokane Low Income Housing Consortium, AGC, NEPDA.
- Overall; 12 different Council meetings (briefings, Legislative, committee) with over 600 views

Slide 8

Discussion Items with Mayor's Committee

- **Understanding the Calculation**

- Interest. Use of original project costs. Determining new capacity. 1" v.s. ¾"

- **Water GFC – Two zones or one?**

- Can change to a single citywide water GFC rate.
- Also can explore refining boundaries of the proposed zones.

- **Growth v. Rates**

- GFCs pay for increased capacity.
- Monthly bills pay for operations plus capital projects to replace/maintain existing infrastructure.
- Can/should monthly bills cover a portion of growth needs?

- **Supporting certain development**

- What do we want to incentivize? In what way?

June 2023

Slide 9

Discussion Items.. continued

- **Methodology**

- Meter Capacity Equivalents v. Equivalent Residential Units.

- **Phase-in Approaches**

- Take a fresh look at phase-in approaches

- **Growth Projections – SRTC model**

- Can explore how growth expectations create need for investment.

- **Capital Planning – What's included?**

- Review of Water System Plan projects & Wastewater (Comp Plan update) projects

June 2023

Slide 10

GFC's that would take effect in March of 2024

Slide 11

ENR Index – Inflationary Adjustment

- **Calculated charges must utilize today's dollars for future capital costs**
- **For future years, GFCs would be increased annually by an accredited index**
 - Engineering News Record Construction Cost Index (CCI) is commonly used
 - This annual CCI update aims to recognize construction cost inflation between more comprehensive GFC studies
- **Historical increases have ranged from 1.6% to 7.1% over last ten years**
 - Currently seeing higher than average construction inflation

Slide 12

General GFC Methodology

$$\text{GFC} = \frac{\text{Allowable Cost}}{\text{System Capacity}}$$

Key steps:

- **Define the “cost of the system”**
 - Existing assets (plus interest)
 - Adopted Comprehensive Plan
- **Define System Capacity**
 - Establish “unit of capacity”
 - Determine number of units that can be served

Should only include costs funded by the utility

Slide 13

Spokane Historic GFCs

- Water and Sewer GFCs assessed based on meter capacity equivalents (MCEs)
 - MCEs used were not aligned with flow-based capacity ratios
- City had not updated their GFCs since they were put in place until 2023

Meter Size	Water GFC	Sewer GFC
1 inch or less	\$1,232	\$2,400
2 inches	\$3,485	\$6,787
3 inches	\$6,402	\$12,468
4 inches	\$9,857	\$19,194
6 inches	\$18,108	\$35,265
8 inches	\$27,878	\$54,299
10 inches	\$38,961	\$75,876
12 inches	\$51,216	\$99,753

Slide 14

Existing Cost Recovery

- The City has historically provided waivers for GFCs in certain areas of the City
- Need to consider how to incentivize certain priorities—like affordable housing—in another way. Current funding exists; need a permanent source.

Year	Collected	Waived	% Waived
2019	\$2,315,342	\$530,197	19%
2020	\$2,455,644	\$1,090,761	31%
2021	\$2,447,261	\$619,366	20%
2022	\$2,567,149	\$901,688	26%
Total	\$9,785,396	\$3,142,012	24%

Slide 15

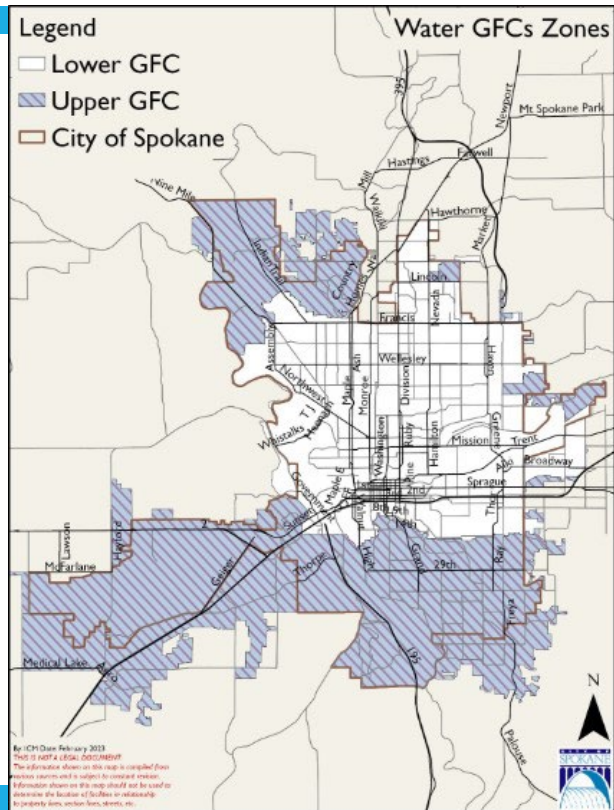


WATER GENERAL FACILITIES CHARGE

Slide 16

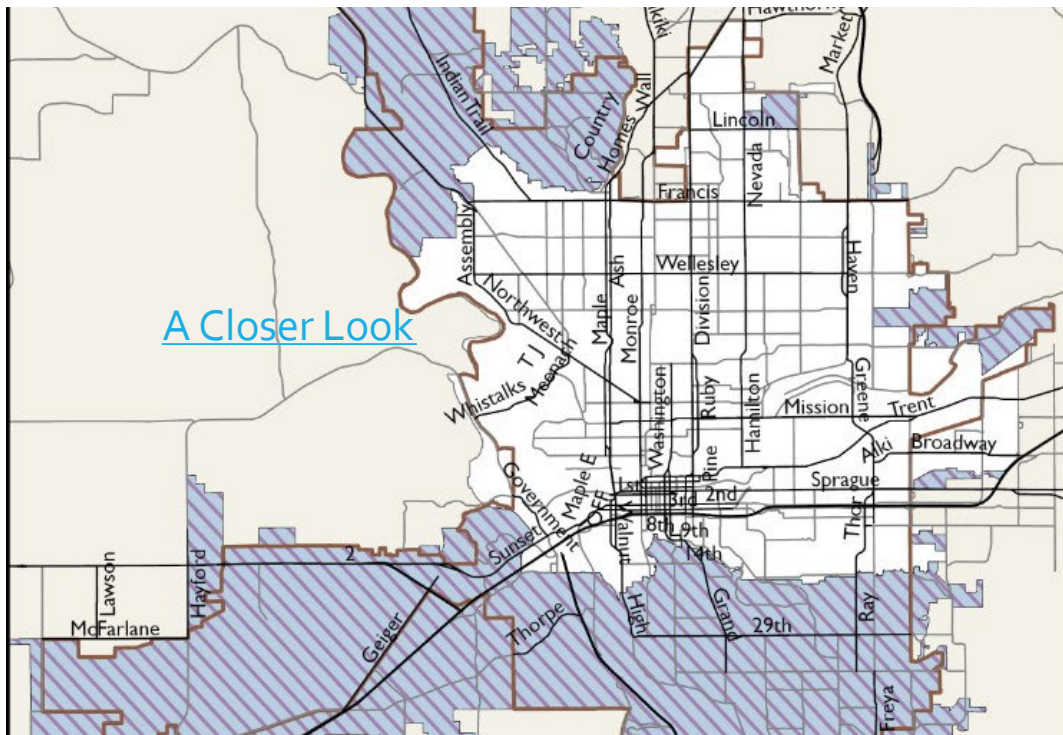
Water GFC Methodology

- Two zones for water to reflect differing costs
 - Lower Zone
 - Upper Zone
- is in the current Ordinance



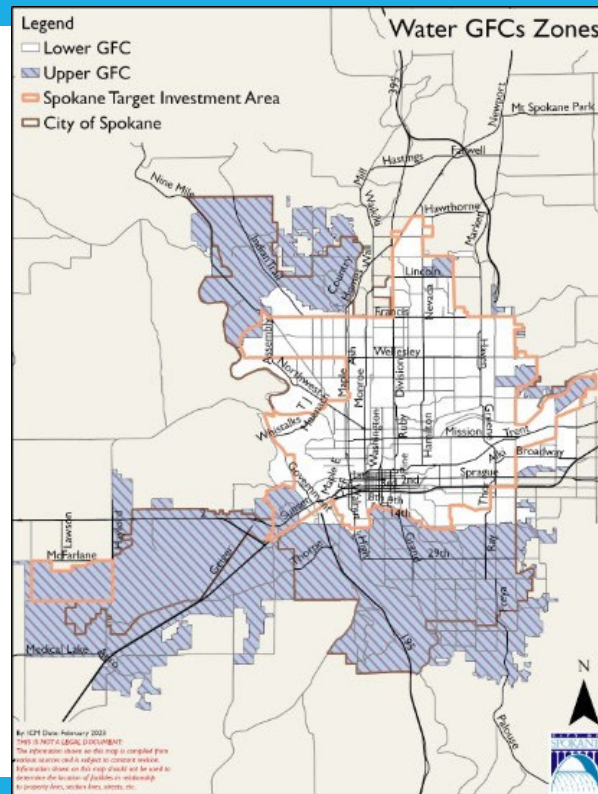
Slide 17

A Closer Look



Slide 18

The Water GFC
Lower Zone
overlays
with the Target
Investment Area



Slide 19

New Water GFCs

- Calculated charges represent total system costs
- Based on a 3/4-inch base meter size
- Supports Water Conservation and consistent with current meter sizes in the system
- Charges increase by meter size— with ratios tied to AWWA safe operating capacities
- Fire flow is built into the charges— no separate charge for a fire meter

Slide 20

Look at Meter Sizes in our System

Meter Size	Existing Meters in Use	Percentage
3/4" or less	54,311	71%
1"	17,814	23%
2" & 1.5"	3,382	4%
3"	231	0.30%
4"	289	0.38%
6"	263	0.34%
8"	165	0.22%
10"	51	0.07%

Total meters-> 76,506



Slide 21

Water GFCs

Meter Size	Historic Water GFC	66% increase – Adopted thru March 4 th 2024	Adopted Low Zone March 2024	Adopted Upper Zone March 2024
¾ inch	\$1,232	\$2,045	\$2,823	\$10,407
1 inch	\$1,232	\$2,045	\$4,705	\$17,345
1.5 inch	\$3,485	\$5,785	\$9,409	\$34,690
2 inches	\$3,485	\$5,786	\$15,055	\$55,503
3 inches	\$6,402	\$10,627	\$32,932	\$121,413
4 inches	\$9,857	\$16,363	\$56,455	\$208,137
6 inches	\$18,108	\$30,059	\$127,025	\$468,309
8 inches	\$27,878	To be calc.	To be calc.	To be calc.
10 inches	\$38,961	To be calc.	To be calc.	To be calc.

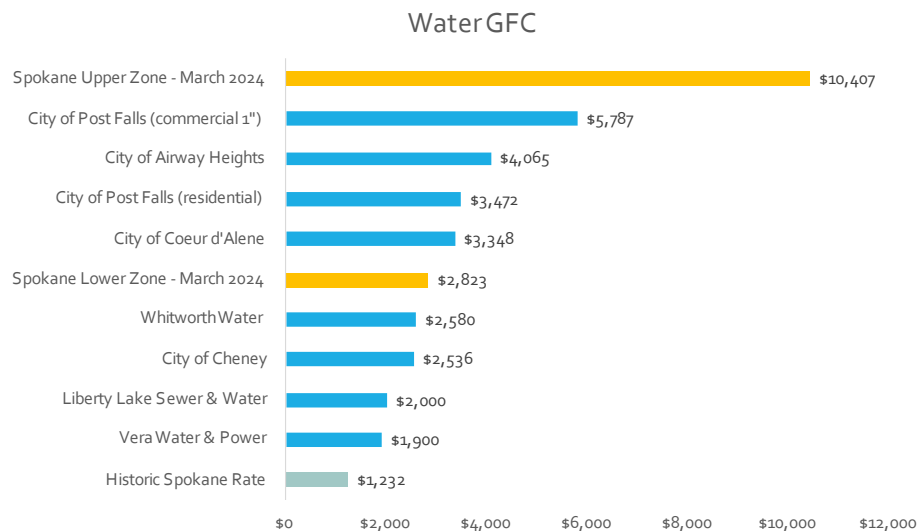
Slide 22

Water – Jurisdictional Comparison



Slide 23

Local Rate Comparison



Slide 24



SEWER GENERAL FACILITIES CHARGE

Slide 25

Wastewater GFCs

Meter Size	Historic Sewer GFC	66% increase— Adopted thru March 4 th 2024	Adopted for March 2024 and beyond	Revised Wastewater GFC
¾ inch	\$2,400	\$3,984	\$7,461	\$6,863
1 inch	\$2,400	\$3,984	\$12,435	\$11,438
1.5 inch	\$6,787	\$11,266	\$24,870	\$22,877
2 inches	\$6,787	\$11,266	\$39,792	\$36,603
3 inches	\$12,468	\$20,697	\$87,046	\$80,069
4 inches	\$19,194	\$31,862	\$149,221	\$137,262
6 inches	\$35,265	\$58,540	\$335,747	\$308,839
8 inches	\$54,299	To be calc.	To be calc.	To be calc.
10 inches	\$75,876	To be calc.	To be calc.	To be calc.

Slide 26

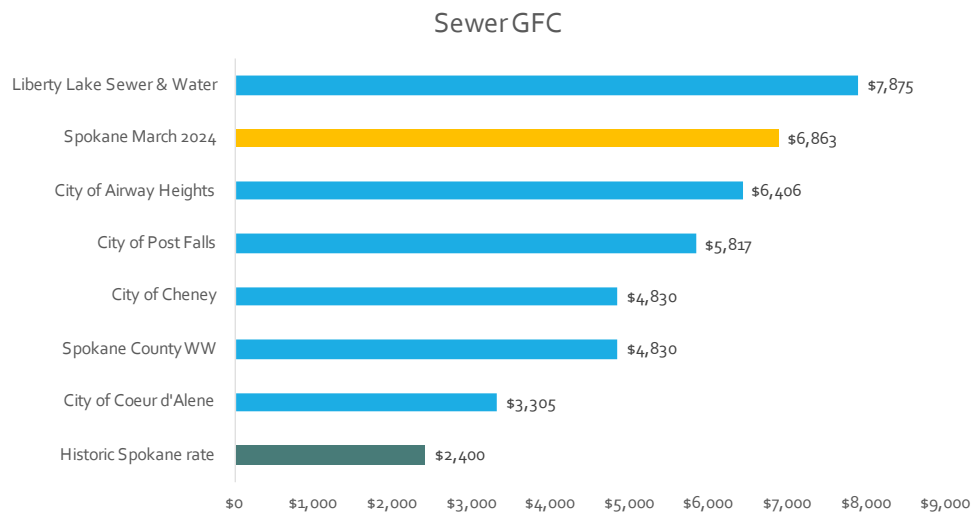
Sewer – Jurisdictional Comparison



Note: Assumes 3/4 inch or smallest meter size available

Slide 27

Local Rate Comparison



Slide 28

Next meeting

- October 11th Plan Commission Workshop
 - Covering results from Stakeholders input

Slide 29

Questions?

Slide 30

Public Meetings and interactions Prior to Adoption

- **February 16th**- Council Study Session on GFCs
- **February 16th** – Virtual Public Meeting
 - An invitation was emailed to a list of 90 developers was sent on **Feb 6th** announcing the public meeting
 - A reminder email about the public meeting was resent **Feb 15th**
- **Feb. 21st** - A follow up email to the same developer list was sent on **Feb 21st** with links to both the study session and public meeting
- **Feb 24th** met with interested developers to answer questions and review the modeled information
- **Feb 24th** - Webpage was published and links provided

<https://my.spokanecity.org/publicworks/general-facilities-charges/>

Public Meetings and interactions prior to adoption (continued)

- **Feb 27th** – PIES presentation
 - An email was sent to the same list of 90 developers informing stakeholders of PIES prior to the meeting
- **Feb 28th** – GFC information included in the Community Update (85,000 emails)
 - Update also was shared on City's Facebook page
- **March 8th** – Downtown Spokane Partnership Policy Committee presentation
- **March 9th** – S3R3 Presentation
- Responding to public records requests

EXHIBIT B



General Facilities Charges Plan Commission October 11th, 2023 City of Spokane



Slide 1

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Slide 2

Discussion Items with Mayor's Committee

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- Interest. Use of original project costs. Determining new capacity. 1" v.s. ¾"

- **Water GFC – Two zones or one?**

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Slide 3

Discussion Items.. continued

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- Meter Capacity Equivalents v. Equivalent Residential Units.

- **Phase-in Approaches**

- Take a fresh look at phase-in approaches

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- **Capital Planning – What's included?**

- Review of Water System Plan projects & Wastewater (Comp Plan update) projects

Slide 4

Resulting Topics from the Mayor's Committee

- Topic A- Interest:
- Topic B-Zones:
- Topic C- Use of MCE or ERU's?
- Topic D- Phase in
- Topic E- Incentives
- New Item: 5/8" meter opportunity

Slide 5

Interest Example

- The application of interest aims to account for "opportunity costs" or "carrying costs" that the City's existing customers incurred by supporting investments in infrastructure rather than having it available for investment or other uses.
 - Example application:

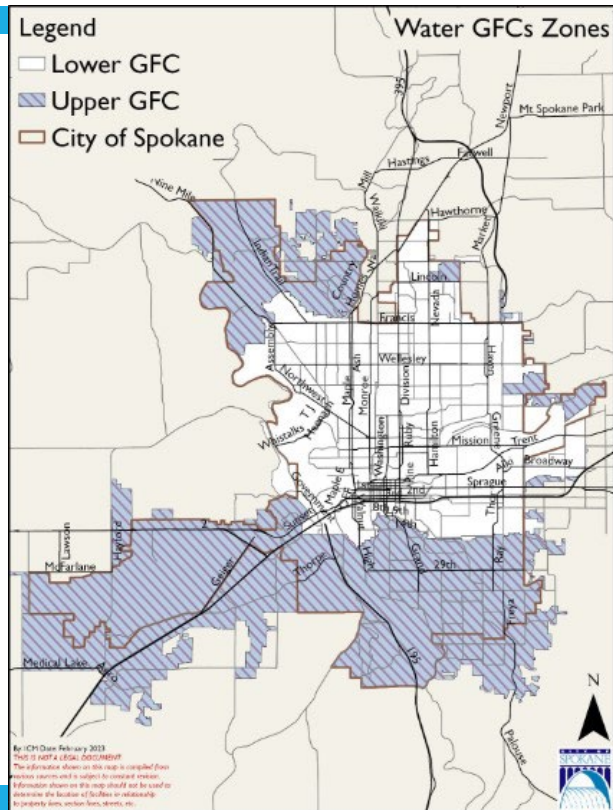
Description	Shadle Tank
Original Asset Cost in 1965	\$ 267,156
<i>interest rate in 1965</i>	3.26%
10 years of interest	\$ 87,115
Total Asset Cost with Interest	\$ 354,271
<i>Portion of existing assets available for growth</i>	45.11%
Total Recoverable through GFC	\$ 159,828

- This same process was followed for each individual asset within the City's asset register.

Slide 6

Water GFC Methodology

- Two zones for water to reflect differing costs
 - Lower Zone
 - Upper Zone
- is in the current Ordinance



Slide 7

Water GFCs - Removing Interest

Meter Size	Adopted Low Zone March 2024	Low Zone –No Interest	Adopted Upper Zone March 2024	Upper Zone –No Interest
¾ inch	\$2,823	\$2,281	\$10,407	\$9,635
1 inch	\$4,705	\$3,802	\$17,345	\$16,059
1.5 inch	\$9,409	\$7,604	\$34,690	\$32,117
2 inches	\$15,055	\$12,167	\$55,503	\$51,387
3 inches	\$32,932	\$26,615	\$121,413	\$112,410
4 inches	\$56,455	\$45,625	\$208,137	\$192,703
6 inches	\$127,025	\$102,657	\$468,309	\$433,582
8 inches	To be calc.	To be calc.	To be calc.	To be calc.
10 inches	To be calc.	To be calc.	To be calc.	To be calc.

Slide 8

Water – City Wide Charge

Meter Size	Adopted Low Zone March 2024	Adopted Upper Zone March 2024	City-Wide Calculated Charge
¾ inch	\$2,823	\$10,407	\$4,881
1 inch	\$4,705	\$17,345	\$8,135
1.5 inch	\$9,409	\$34,690	\$16,269
2 inches	\$15,055	\$55,503	\$26,031
3 inches	\$32,932	\$121,413	\$56,943
4 inches	\$56,455	\$208,137	\$97,617
6 inches	\$127,025	\$468,309	\$219,638
8 inches	To be calc.	To be calc.	To be calc.
10 inches	To be calc.	To be calc.	To be calc.

Slide 9

Water – City Wide Charge

Meter Size	Adopted Low Zone March 2024	Adopted Upper Zone March 2024	City-Wide Calculated Charge	City-Wide Calculated Charge – No Interest
¾ inch	\$2,823	\$10,407	\$4,881	\$4,285
1 inch	\$4,705	\$17,345	\$8,135	\$7,141
1.5 inch	\$9,409	\$34,690	\$16,269	\$14,282
2 inches	\$15,055	\$55,503	\$26,031	\$22,851
3 inches	\$32,932	\$121,413	\$56,943	\$49,987
4 inches	\$56,455	\$208,137	\$97,617	\$85,692
6 inches	\$127,025	\$468,309	\$219,638	\$192,808
8 inches	To be calc.	To be calc.	To be calc.	To be calc.
10 inches	To be calc.	To be calc.	To be calc.	To be calc.

Slide 10

Wastewater GFCs – Removing Interest

Meter Size	Revised Wastewater GFC	Revised Wastewater – No Interest
¾ inch	\$6,863	\$5,085
1 inch	\$11,438	\$8,476
1.5 inch	\$22,877	\$16,951
2 inches	\$36,603	\$27,122
3 inches	\$80,069	\$59,330
4 inches	\$137,262	\$101,709
6 inches	\$308,839	\$228,844
8 inches	To be calc.	To be calc.
10 inches	To be calc.	To be calc.

Slide 11

ERU vs. MCE

These are just two ways to scale the GFCs for larger customer demands

ERU = Equivalent Residential Unit

Estimates the average peak demand of residential customers. Connections with larger demands are scaled up based on the initial ERU value.

E.g. One ERU = 1,100 GPD. A connection requiring 1,400 GPD is 1.3 ERU (= 1,400 GPD/1,100 GPD)

MCE = Meter Capacity Equivalency

Estimates the average peak demand of residential customers. Connections with larger demands are scaled based on standardized meter capacity values.

E.g. One ERU = 1,100 GPD per ¾" meter. The ¾" meter at full capacity is 30GPM. A customer requiring a 1" meter would receive 50GPM at full capacity, or a 1.67 MCE (= 50 GPM/30 GPM).

Slide 12

GFC Calculated Both Ways

UPPERZONE

Basis	Water GFC	Sewer GFC
MCE Basis	\$10,407	\$6,863
ERU Basis	\$10,285	\$6,400
Difference	1.2%	7.2%

LOWERZONE

Basis	Water GFC	Sewer GFC
MCE Basis	\$2,823	\$6,863
ERU Basis	\$2,790	\$6,400
Difference	1.2%	7.2%

All calculations include the same costs per zone, but they are divided by different number of units.

Slide 13

GFC Calculated Both Ways– Single Zone

GFC for 3/4" Meter

Basis	Water GFC	Sewer GFC
MCE Basis	\$4,881	\$6,863
ERU Basis	\$4,824	\$6,400
Difference	1.2%	7.2%

All calculations include the same costs per zone, but they are divided by different number of units.

Slide 14

2018 UNIFORM PLUMBING CODE®

2018 Uniform Plumbing
Code page 112

TABLE 610.3
WATER SUPPLY FIXTURE UNITS (WSFU) AND MINIMUM FIXTURE BRANCH PIPE SIZES¹

APPLIANCES, APPURTENANCES OR FIXTURES ²	MINIMUM FIXTURE BRANCH PIPE SIZE ¹ (inches)	PRIVATE	PUBLIC	ASSEMBLY ³
Bathtub or Combination Bath/Shower (fill)	1/2	4.0	4.0	—
1/2 inch Bathtub Fill Valve	1/2	10.0	10.0	—
Bidet	1/2	1.0	—	—
Clothes Washer	1/2	4.0	4.0	—
Dental Unit, cuspidor	1/2	—	1.0	—
Dishwasher, domestic	1/2	1.5	1.5	—
Drinking Fountain or Water Cooler	1/2	0.5	0.5	0.75
Hose Bibb	1/2	2.5	2.5	—
Hose Bibb, each additional ²	1/2	1.0	1.0	—
Lavatory	1/2	1.0	1.0	1.0
Lawn Sprinkler, each head ²	1/2	1.0	1.0	—
Mobile Home, each (minimum)	1/2	12.0	—	—
Sinks	—	—	—	—
Bar	1/2	3.0	2.0	—
Clinical Faucet	1/2	—	3.0	—
Clinical Flushometer Valve with or without faucet	1	—	8.0	—
Kitchen, domestic with or without dishwasher	1/2	1.5	1.5	—
Laundry	1/2	1.5	1.5	—
Service or Mop Basin	1/2	1.5	3.0	—
Washup, each set of basins	1/2	—	2.0	—
Shower, per head	1/2	2.0	2.0	—
Urinal, 1.6 GPF Flushometer Valve	1/2	—	See Footnote ²	—
Urinal, greater than 1.6 GPF Flushometer Valve	1/2	—	See Footnote ²	—
Urinal, flush tank	1/2	2.0	2.0	3.0
Urinal, Hybrid	1/2	1.0	1.0	1.0
Wash Fountain, circular spray	1/2	—	4.0	—
Water Closet, 1.6 GPF Gravity Tank	1/2	2.5	2.5	3.5
Water Closet, 1.6 GPF Flushometer Tank	1/2	2.5	2.5	3.5
Water Closet, 1.6 GPF Flushometer Valve	1	—	See Footnote ²	—
Water Closet, greater than 1.6 GPF Gravity Tank	1/2	3.0	5.5	7.0
Water Closet, greater than 1.6 GPF Flushometer Valve	1	—	See Footnote ²	—

For SI units: 1 inch = 25 mm

Notes:

¹ Size of the cold branch pipe, or both the hot and cold branch pipes.

² Appliances, appurtenances, or fixtures not referenced in this table shall be permitted to be sized by reference to fixtures having a similar flow rate and the quantity of use.

e 15

Duplex			
Appliance, Appurtenances, or Fixture	Number of Fixture Units per fixture	Quantity	Total Fixture Units
Bathtub	4	4	16
Clothes Washer	2	2	4
Kitchen Sink-domestic	1.5	2	3
Dishwasher	1.5	2	3
Laundry Sink	1.5	2	3
Lavatory wash basin	1	4	4
Water Closet 1.6 gpf	2.5	4	10
Lawn Sprinkler	1	6	6
Hose Bib	2.5	2	5
		Total	54

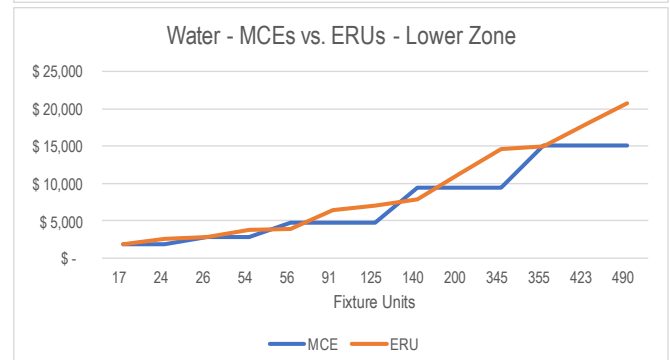
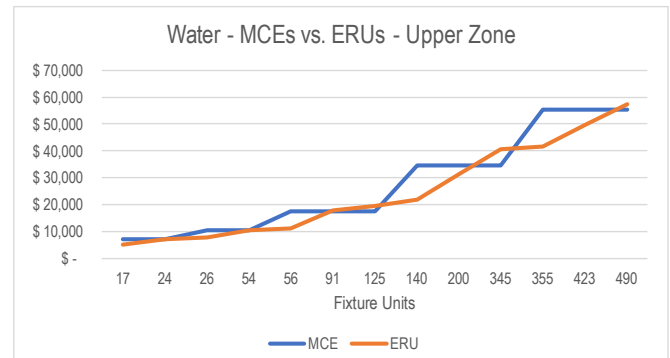
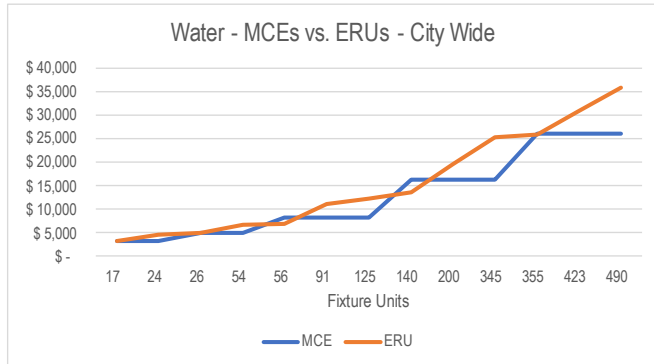
Triplex			
Appliance, Appurtenances, or Fixture	Number of Fixture Units per fixture	Quantity	Total Fixture Units
Bathtub	4	6	24
Clothes Washer	2	3	6
Kitchen Sink-domestic	1.5	3	4.5
Dishwasher	1.5	3	4.5
Laundry Sink	1.5	3	4.5
Lavatory wash basin	1	6	6
Water Closet 1.6 gpf	2.5	6	15
Lawn Sprinkler	1	6	6
Hose Bib	2.5	2	5
		Total	75.5

DRAFT City Design Standards

Meter Size	Maximum Fixture Units	Gallons per minute
5/8-in	25	20
3/4-in	55	30
1- in	130	50

Slide 16

Stair Stepped V.S. Linear



Slide 17

What About 5/8" Meters?

- 5/8" Meters Could be Appropriate in Certain Situations:
 - Spokanescape implemented
 - Smaller lot size
 - Smaller home size

5/8" Meter Would Cost Less

Meter Size	Water Lower Zone	Water Upper Zone	Revised Sewer	Water - City Wide
5/8" inch	\$1,882	\$6,938	\$4,575	\$3,254
3/4" inch	\$2,823	\$10,407	\$6,863	\$4,881

Slide 18

PDA's (Public Development Authority)

PDA's currently have language in their bylaws that waive GFC's within the PDA's. With this update, the Utilities can no longer waive GFC's without a source of funds to pay the GFC. The options are:

- PDA's pay the GFC for development within the PDA
- The City removes the capacity that the PDA's would need and continues to require the PDA's to pay for their needs.
 - Capacity would be assessed on an individual request basis at the time of the PDA's request
- The agreement with the PDA's is renegotiated to remove GFC waiver and development pays the GFC
- General Fund covers the GFC
- Rates cover the GFC cost

Slide 19

PDA's & GFC's

- GFC's determine the cost of a unit of capacity in the system.
 - Unit costs are the same for all units of capacity
- If projects (or portions of projects) that serve the PDA's are removed from the charge, a proportional amount of capacity will also be removed, and the charge will remain unchanged.
- Example:

SIA Reservoir		Project Costs	
Total Project Cost		\$13,300,000	
(less: repair and replacement)		(\$6,650,000)	
Growth Oriented Project Cost		\$6,650,000	

SIA Reservoir	PDA's Included	SIA Reservoir	PDA's Excluded
Growth Oriented Project Cost	\$6,650,000	Growth Oriented Project Cost	\$6,650,000
Capacity Served by Project	10,000 MCEs	less: 15% of PDA related costs	(\$997,500)
Charge per MCE	\$665 per MCE	Remaining costs less PDA share	\$5,652,500
		Capacity Served by Project	10,000 MCEs
		less: 15% of PDA related capacity	-1,500 MCEs
		Remaining capacity less PDA share	8,500 MCEs
		Charge per MCE	\$665 per MCE

Slide 20

Other Feedback Opportunities

- **Phase-in over time** – What would make sense?
- **What kind of development should be incentivized?**
 - Affordable housing is already included
 - Anything else?



Slide 21

Development Incentives

State law requires that “waived” GFC fees be paid for out of some other revenue source



Slide 22

"Natural" Development Incentives

Commercial/office conversions less likely to need water/sewer upgrades

- GFCs are only charged based on incremental increase
- Example: A project requires a 1.5" connection
 The property has an existing 1" connection
 The GFC charge is only the *difference* between the 1" and 1.5" charge

Fire service is not included in the GFC calculation

- Example: A project requires a 2" connection
 Without fire flow, the project would only require a 1" connection
 The GFC charge is only for a 1" connection

Slide 23

Development Incentives

Qualifying Affordable and Workforce Housing Projects

- Up to 115% of median income
- Requires compliance with an affordable housing program
 - MFTE 12 - and 20-year
 - Parking to People
 - State or local affordable housing funding
- Upper Zone fee: same as Lower Zone standard fee
- Lower Zone fee: 50% of Lower Zone standard fee
- Maximum incentive of \$40k for water and \$20k for sewer

Slide 24

Clarifications to the Existing Ordinance

- Master Meters
 - How GFC's will be charged
- Clarifying the process in using of the ENR index
 - Will be calculated October to October each year so the new cost can be in place by Jan 1st of each year.

Slide 25

Feedback to date

Written comments provided to date:	Topics that were commented on:				
	Zones	Interest	MCE or ERU	Phase in	Incentives
Community Assembly	2	remove			yes
Spokane Low Income Housing Consortium	1				yes
Downtown Spokane Partnership	2**	remove	MCE	Over 5 yrs	yes
Northeast PDA	2			yes	
Spokane Relators		remove	ERU		
Jim Frank	1	remove	ERU		yes
Sustainability Action Committee	2		MCE		

Slide 26

Options for consideration

- **Option 1- Leave Ordinance in place as is** (plus the additions of 5/8" , Updated Sewer & Clarifications)**
 - 2 zones, includes interest, MCE, full GFC's in place by March 5th 2024, etc

Slide 27

Options for consideration

- **Option 2- Make changes in the follow Topics: (plus the additions of 5/8" , Updated Sewer & Clarifications)**
 - **Topic A- Interest**
 - Keep the interest or remove it from the calculations?
 - **Topic B- Zones:**
 - Keep 2 zones or go to a citywide zone?
 - **Topic C- Use of MCE or ERU's?**
 - **Topic D- Phase in**
 - Full GFC starting in March of 2024 or 1/2 the amount in 2024 and full in 2025?
 - **Topic E- Incentives**
 - Keep the existing incentives or the package as presented.

Slide 28

City Staff Recommendation

- Option 1 amended to include:
- Addition of 5/8" meters
- Sewer charge updated
- Phase in 2024/2025
- Clarification to the existing Ord regarding ENR & the Use of Master Meters

Slide 29

Items Discussed with Mayor's Committee

- Understanding the Calculation ✓
- Water GFC – Two zones or one? ✓
- Growth (GFC) v. Rates ✓
- Supporting certain development ✓
- Methodology (MCE v. ERU) ✓
- Phase-in Approaches ✓
- Growth Projections – SRTC model ✓
- Capital Planning – What's included? ✓

Slide 30

Next Steps

- Plan Commission Hearing October 25th
- City Council Study Session Nov 2nd
- City Council Action expected before the end of the year

Reminder: Any Recommendations would impact GFC's after March 4th 2024

Slide 31



QUESTIONS?

Slide 32

EXHIBIT C

Water Lower Zone	66%	2024	2025
5/8 Inch	\$0	\$1,882	\$1,882
3/4 inch	\$2,045	\$2,434	\$2,823
1 inch	\$2,045	\$3,375	\$4,705
1.5 inches	\$5,785	\$7,597	\$9,409
2 inches	\$5,786	\$10,421	\$15,055
3 inches	\$10,627	\$21,780	\$32,932
4 inches	\$16,363	\$36,409	\$56,455
6 inches	\$30,059	\$78,542	\$127,025
8 inches	To be calc		
10 inches	To be calc		

Water Upper Zone	66%	2024	2025
5/8 Inch	\$2,045	\$4,492	\$6,938
3/4 inch	\$2,045	\$6,226	\$10,407
1 inch	\$2,045	\$9,695	\$17,345
1.5 inches	\$5,785	\$20,238	\$34,690
2 inches	\$5,786	\$30,645	\$55,503
3 inches	\$10,627	\$66,020	\$121,413
4 inches	\$16,363	\$112,250	\$208,137
6 inches	\$30,059	\$249,184	\$468,309
8 inches	To be calc		
10 inches	To be calc		

Sewer	66%	2024	2025
5/8 Inch	\$3,984	\$4,280	\$4,575
3/4 inch	\$3,984	\$5,424	\$6,863
1 inch	\$3,984	\$7,711	\$11,438
1.5 inches	\$11,266	\$17,072	\$22,877
2 inches	\$11,266	\$23,935	\$36,603
3 inches	\$20,697	\$50,383	\$80,069
4 inches	\$31,862	\$84,562	\$137,262
6 inches	\$58,540	\$183,690	\$308,839
8 inches	To be calc		
10 inches	To be calc		

The following are public comments received on General Facilities Charges. There are no staff documents to include at this time.

DSP Comments

Benzie, Ryan

From: Downtown Andrew Rolwes
Sent: Monday, July 31, 2023 11:33 AM
To: Miller, Katherine E; Feist, Marlene
Cc: Chris Batten
Subject: DSP position on GFC policies

[CAUTION - EXTERNAL EMAIL - Verify Sender]

Hello Katherine and Marlene,

Thank you for the opportunity to participate in the Committee on General Facilities Charges. To reiterate the position of the DSP on the fee structure and related policies, we support the following;

- Interest: Retaining no interest in the overall fee structure.
- Use of the MCE assessment method: Prior to your further explanation at the meeting, we intended to support the ERU method on the basis of ease of understanding for the developer applicant, however, you made a good case that MCE would be advantageous in circumstances that we hope to see more of in downtown with commercial to residential conversions. It is our understanding that the advantage is found in the MCE method only requiring the developer to pay for the difference in cost over the existing meter type, whereas the ERU method might come at a somewhat higher cost. In any case, we support whatever method applies the lower costs to the developer.
- Phase-in: We support an extended phase-in period to cushion the impact of increased costs associated with GFCs. At the meeting we suggested a five-year phase-in where year 1 would apply 0% of the fees, year 2 would apply 25%, year three 50%, year four 75% and year five and from then on, 100%.
- Single zone vs lower/upper zone: In principle, we support a lower and upper-zone approach, based on the proximity of downtown to existing infrastructure and its proximity to the systems source of water. It is obviously not economically advantageous for downtown development to fund the pumps and reservoirs necessary to elevate water to the periphery of the city, when those resources originate in or next to downtown. Additionally, although many of the systems that transport water and wastewater to downtown's buildings are due for significant maintenance or replacement, our understanding is that those costs would be covered through utility fees, not through GFCs, which are (as you've noted many times) fund new infrastructure. That said, we are not opposed to a single rate zone, so long as downtown is either carved out of the GFC fee structure altogether or significant incentives which recognize downtown's proximity to that infrastructure are implemented.
- Incentives: We support applying an incentive for GFCs to the MFTE program, and any other reasonable program that incentivizes preferred types of development. We spoke specifically in support of the City's former incentive program for commercial-to-residential conversions, the Commercial Rate Classification program, which the DSP Board endorsed at its July 26th meeting. I learned from CM Cathcart at that meeting that you prefer an alternative to the CRC program; could you please let us know what that is?

Please let me know if any clarifications are needed on this, and thanks again for the opportunity to be involved in the committee's work. This was a very thorough process for a very complex subject; hats off to you and the consultants.

-Andrew



**DOWNTOWN SPOKANE PARTNERSHIP
BUSINESS IMPROVEMENT DISTRICT**

ANDREW ROLWES
Vice President

Phone | 509.456.0580 ex 107

Fax | 509.747.3127

10 N Post Street, #400 | Spokane, WA 99201

downtownspokane.org

Community Assembly Comments

Benzie, Ryan

From: Ryan, Gabrielle
Sent: Tuesday, July 18, 2023 10:32 AM
To: Feist, Marlene
Subject: Fw: CA Resolution
Attachments: Resolution-20230706-1.pdf; GFC Brief to CA.pdf; CA Minutes July 2023_Draft.pdf

Marlene,

Here's the materials from CA regarding the GFC Committee.

Thank you,

Gabby

From: Randy McGlenn <rjmcglenn@hotmail.com>
Sent: Monday, July 17, 2023 7:08 PM
To: Beggs, Breean <xxxbbeggs@spokanecity.org>; Kinnear, Lori <lkinnear@spokanecity.org>; Wilkerson, Betsy <bwilkerson@spokanecity.org>; Stratton, Karen <kstratton@spokanecity.org>; Cathcart, Michael <mcathcart@spokanecity.org>; Bingle, Jonathan <jbingle@spokanecity.org>; Zappone, Zack <zzappone@spokanecity.org>
Cc: Striker, Patrick <pstriker@spokanecity.org>; Ryan, Gabrielle <gryan@spokanecity.org>; Deasy, Annie <adeasy@spokanecity.org>; Groe, Amber <agroe@spokanecity.org>; Fran Papenleur <papenleurf@yahoo.com>; gail cropper <glcropper@yahoo.com>; brotherdale@msn.com <brotherdale@msn.com>; Lindsey Shaw <Lindzroo@gmail.com>
Subject: CA Resolution

[CAUTION - EXTERNAL EMAIL - Verify Sender]

Good evening Council Members,

Please find the attached resolution from the Community Assembly and accompanying supporting documents regarding General Facility Charges.

Please contact me if you have any questions.

Sincerely,

Randy McGlenn
Chair
Community Assembly Administrative Committee

Benzie, Ryan

From: Feist, Marlene
Sent: Wednesday, July 26, 2023 4:01 PM
To: Miller, Katherine E
Subject: FW: Agenda for Final GFC Review Committee Meeting

From: Molly Marshall <molly.marshall475@gmail.com>
Sent: Wednesday, July 26, 2023 12:20 PM
To: Feist, Marlene <mfeist@spokanecity.org>
Subject: Re: Agenda for Final GFC Review Committee Meeting

[CAUTION - EXTERNAL EMAIL - Verify Sender]

Marlene,
I think the one thing I would like to add to the CA remarks is incentivising GFCs in the centers and corridors. We would support MCE over ERU. Sorry I can't make it today and thank you for all your effort. Please let me know if you need anything else or if you have questions.
Molly

On Mon, Jul 24, 2023 at 4:03 PM Feist, Marlene <mfeist@spokanecity.org> wrote:

Hi Molly,

Thanks for reaching out. Gabby did forward the Community Assembly's recommendations, so I have that.

As for your questions:

- b. Growth v Rates? This question is effectively: Should the GFCs pay for all the capacity related projects, or should some of those costs be placed on the monthly ratepayer? The CA's recommendation of removing interest already shifts some of the costs to the ratepayer, for example. We could also assign a percentage to the ratepayer.
- c. What development should be incentivized? We already have incentivized affordable housing in the current GFC ordinance. Do you support that? Should other things be incentivized? Manufacturing that creates family wage jobs, for example? Something else?
- d. Methodology This is the ERU v. MCE question. I did send out more information about that a week or so ago. I have attached that email here.

Hope this helps. Let me know what else you need.

Marlene

From: Molly Marshall <molly.marshall475@gmail.com>
Sent: Monday, July 24, 2023 2:48 PM

To: Feist, Marlene <mfeist@spokanecity.org>
Subject: Re: Agenda for Final GFC Review Committee Meeting

[CAUTION - EXTERNAL EMAIL - Verify Sender]

Marlene,

I will not be able to attend the meeting on Wednesday (it was the only day I was not available) and would like to send my feedback to include with the recommendations of the committee. Can you give me a little more information on the following items you had listed on the agenda. I will send my information by Wednesday.

Thank you,

Molly

- b. Growth v Rates?
- c. What development should be incentivized?
- d. Methodology

On Fri, Jul 21, 2023 at 8:33 AM Feist, Marlene <mfeist@spokanecity.org> wrote:

Hi all,

Here is an agenda for our GFC Review Committee meeting on Wednesday, July 26, at 1 p.m.

Remember, we will be asking for your feedback on the topics we discussed so we are hopeful you have had some time to gather your thoughts.

Thanks.

Marlene



Marlene Feist | City of Spokane | Public Works Director

509.625.6505 | cell 509.710.9214 | mfeist@spokanecity.org | spokanecity.org



Community Assembly Draft Meeting Minutes

July 6, 2023 via Hybrid, in-person The Hive and Zoom virtual platform

Meeting called to order at 5:31 p.m. by Colleen Gardner

Attendance:

Neighborhood Councils Present: Audubon-Downriver, Balboa/South Indian Trail, Chief Garry Park, East Central, Emerson Garfield, Grandview/Thorpe, Hillyard, Lincoln Heights, Logan, North Indian Trail, Northwest, Peaceful Valley, Shiloh Hills, Southgate, Whitman

Neighborhood Councils Absent: Browne's Addition, Bemiss, Cliff/Cannon, Comstock, Five Mile Prairie, Latah/Hangman, Manito/Cannon Hill, Minnehaha, Nevada Heights, North Hill, Riverside, and Rockwood, West Central, and West Hills.

Community Assembly (CA) Committee Representatives Present: Leslie Hope (Liaison to Community Housing and Human Services [CHHS]) Randy McGlenn (Admin and Pedestrian, Traffic and Transportation [PeTT] Committees, and Citizen Transportation Advisory Board [CTAB]).

City Staff Present: Patrick Striker (Office of Neighborhood Services [ONS]), Gabby Ryan (ONS) and Colleen Gardner (Contracted Facilitator).

Visitors: Councilmembers Zack Zappone and Michael Cathcart (City Council).

Administrative:

1. **Introductions:** The facilitator asked for all CA Representatives to identify themselves and their Neighborhood Council (NC).
2. **Propose Agenda:** Randy proposed an edit to yield ONS time on agenda for the presentation from Councilmember Zappone. Mark moved. Unsure who seconded. Motion passes with 15-approve, 0-deny, and 0-abstain.
3. **June Minutes:** Cliff Winger moved. Andy Hoyer seconded. Motion passes with 15-approve, 0-deny, and 0-abstain.
4. **Admin Committee Items:**
5. **Open Forum**
 - **Leslie-** Gave some background on Christy's presentation, encouraged folks to get involved with the CDBG process, review the Citizen Participation Plan and provide feedback.
 - **Andy-** Echoed support for paying attention to Christy's presentation, get involved with the Community Assembly/Community Development (CA/CD), read the materials included in the CA agenda packet.
 - **Tina-** Presented a community agreement for the meeting, includes expectations for conduct.

Legislative Agenda:

6. City Council Update (Councilmembers Cathcart and Zappone):

- CM Cathcart emailed documents to CA members to gather feedback on the redistricting process. Wants the CA to review these documents and give feedback on these documents. Big differences from existing process are that the number of the commissioners on redistricting board would increase from 3 to 7. City Council would not have ability to modify the proposal. Added component to include that it could be a citizen led initiative, following preestablished processes. Would like to include CA in the process, by vetting the applications of folks who want to participate on the redistricting committee. Additionally, if there is a disagreement on who serves on the committee, CA would choose the

members. ***Andy and Randy support this proposed process. Some questions were asked about how to communicate the CA's opinion on the matter, will take info back to NCs and discuss amongst CA before communicating back to Councilmembers. Vote is happening on Monday.***

- CM Zappone- Pavement to People, reducing housing costs. CM's Bingle and Zappone are co-sponsoring it. The housing crisis is having a negative impact on residents, exploring different tools to address housing costs and availability. Incentivizing that surface lots downtown be turned into low-barrier housing. Exploring the elimination of parking minimum requirements in residential areas, to free up barriers/costs of building housing. Supports the BOCA initiatives. Looking to give builders options on how many parking spots are built for housing. Debundles the cost of parking from rent for the tenants. CM Zappone did say that this would not impact preexisting housing developments that already are built. Comments about how it impacts Logan neighborhood and their already strained parking situation with college student renters.

7. ONS Update (Patrick Striker):

- Yielded to CM Zappone's presentation.

8. CHHS Updates (Christy Jeffers):

- CHHS is not in charge of the regional collaboration group. The name of the group has changed to a housing, health and safety focus.
- Moving forward with Community Development Block Grant (CDBG) programming plans. Please review the Citizen Participation Plan to provide any suggestions or edits to Christy. This is for the 2024 year, beginning in July 2024. This plan provides insight on how citizens can be involved in this funding decisions. July 17-31st is the public comment period for people to provide feedback on the 2024 Citizen Participation Plan. They will also release the CDBG policies and procedures in addition to the subsequent request for proposals (RFPs).
- The consolidated planning process will be for 2025-2029 programming, there will be chances to review and participate in this. Opportunity to identify targeted areas for improvement in this consolidated planning process.
- After much change in the processes and staff in CHHS, the CDBG program is coming back and Christy wants to work alongside the neighborhoods to ensure the projects funded are supported. The focus will be on supporting our low to moderate income residents, so if neighborhood members are aware of nonprofits who are looking to accomplish projects that benefit low to moderate income neighborhoods, please encourage them to keep a lookout for the RFP process opening.
- **Move to extend time, 5 minutes (first extension).** Carol moved, Mark seconded. 15-Yes, 0-No, 0-abstain.
- **Question from Randy:** How will the neighborhoods stay involved in this process? Andy invited folks to go to the CA/CD meetings and also CHHS Board meetings.
- Clarification made between the affordable housing programs (HOME program) and the CDBG program which benefits community projects in low to moderate income neighborhoods that address other categories apart from building housing.

9. GFC Recommendation (Molly Marshall):

- Randy presented on behalf of Molly. Please review the report that Molly provided, and the recommendations that Molly put forth, requesting action from Community Assembly (CA) members. *Randy read from Molly's report to provide insight to CA members present.*
- Molly is asking for a resolution from CA members to submit to the GFC group supporting the recommendations she's put forth. *Comments from Mark about concerns of new developments using existing water pipes that aren't built for the increased development. Current infrastructure will struggle to support more development.*
- **Motion (from Randy): Write a resolution to be signed by CA Admin Committee to be submitted to City Council that will include the recommendations put forth by Molly.** Cliff moved, Mark seconded. 14- Yes, 0- No, 1 abstention. Motion passes.

10. Policies & Procedures Extension Discussion (Randy McGlenn):

- Conversation ensued about whether to eliminate the second 5 min extension to agenda items. A handful of members voiced concern about cutting off important discussions for sake of finishing on time, they do not feel it benefits the body to stifle important conversation.
- Unanimous decision of body to not eliminate the 2nd five minute extension on agenda items in CA meetings.

11. Budget Requests Policy Clarification (Randy McGlenn):

- Randy gave an update on the Admin Committee's application for CE Grant funding related to the Zoom account. Wanted to clarify that any CA committee can request CE Grant funding from Budget, and that Admin can decide to request funding in the event of an emergency and bring back the decision to the CA body at the following CA meeting.
- Admin agrees that they should make the request for the CA's Zoom account. Randy, Luke and Mark both suggested that we look into CE Grant processes and procedures to see if they can be simplified for neighborhoods.
- **Move to extend time, 5 minutes (first extension).** Mark moved, Debby seconded. 15- yes, 0-no, 0- abstain. Motion passes.
- Tina brought up that CE Grant funding is meant for neighborhood councils to use, not to reserve that money for CA awards up front, because it prevents NCs from using their full \$850 allocation. Also suggested that the CA Zoom license payment doesn't come until September, so that NCs have a shot at spending full \$850.

12. CA Committee Updates (Committee Chairs):

- **Gail (Budget Committee)-** Budget Committee met at the end of June. CE Grant applications received: 25 received.
- **Tina (Building Stronger Neighborhoods)-** Meeting Saturday 7/15 at 9:00AM at Knox Presbyterian Church. They are researching best practices for neighborhood councils from other cities across the country. Amber will be giving an update on the Spokane Neighborhoods Summit that is coming up this fall.
- **Tina (Policies and Procedures Committee)-** The committee is working to wrap up their tasks of editing/formatting the documents before they are ready to present to the CA body. Fran volunteered to proofread the document to assist the P&P Committee.

13. Roundtable Discussion:

- **Randy:** One of the action items is the discussion around the reactivation of the CA's Neighborhood Safety Committee. For consideration of neighborhoods being inactive in summer months, Randy suggested that the reactivation of the committee to be on the October CA agenda. Tina recommended that CA members start recruiting neighborhood council members until then.

Meeting Adjourned at 7:03 p.m.

- Next Community Assembly scheduled for **Thursday, August 3, 2023**

The Latah Valley moratorium was implemented to address infrastructure concerns around transportation and utilities (GFCs).

City Council approved an interim GFC through March 2024. It increased GFCs by 66% -- to represent the inflation on the GFCs that were adopted in 2002. Projects with a building permit or a counter complete application for a building permit at the time of new rates were adopted would fall under the historic rate. These rates are in place through March 4, 2024.

Spokane GFC History

GFCs are charges that new development pays to connect to our Water and Wastewater Systems. GFCs implemented over 20 years ago in Spokane **have never been** updated and had no inflationary index. Many GFC fees were waived (meaning we have been generating reduced funds from growth related projects and relying on Utility rates instead). Without a GFC (or waiving the GFC) all growth-related costs are paid for by existing ratepayers only and rates are higher as a result. By setting the GFC below the actual costs (or waiving charges) the burden falls on existing ratepayers. This probably resulted in higher debts and higher rates to support the debt.

City Staff has recommended

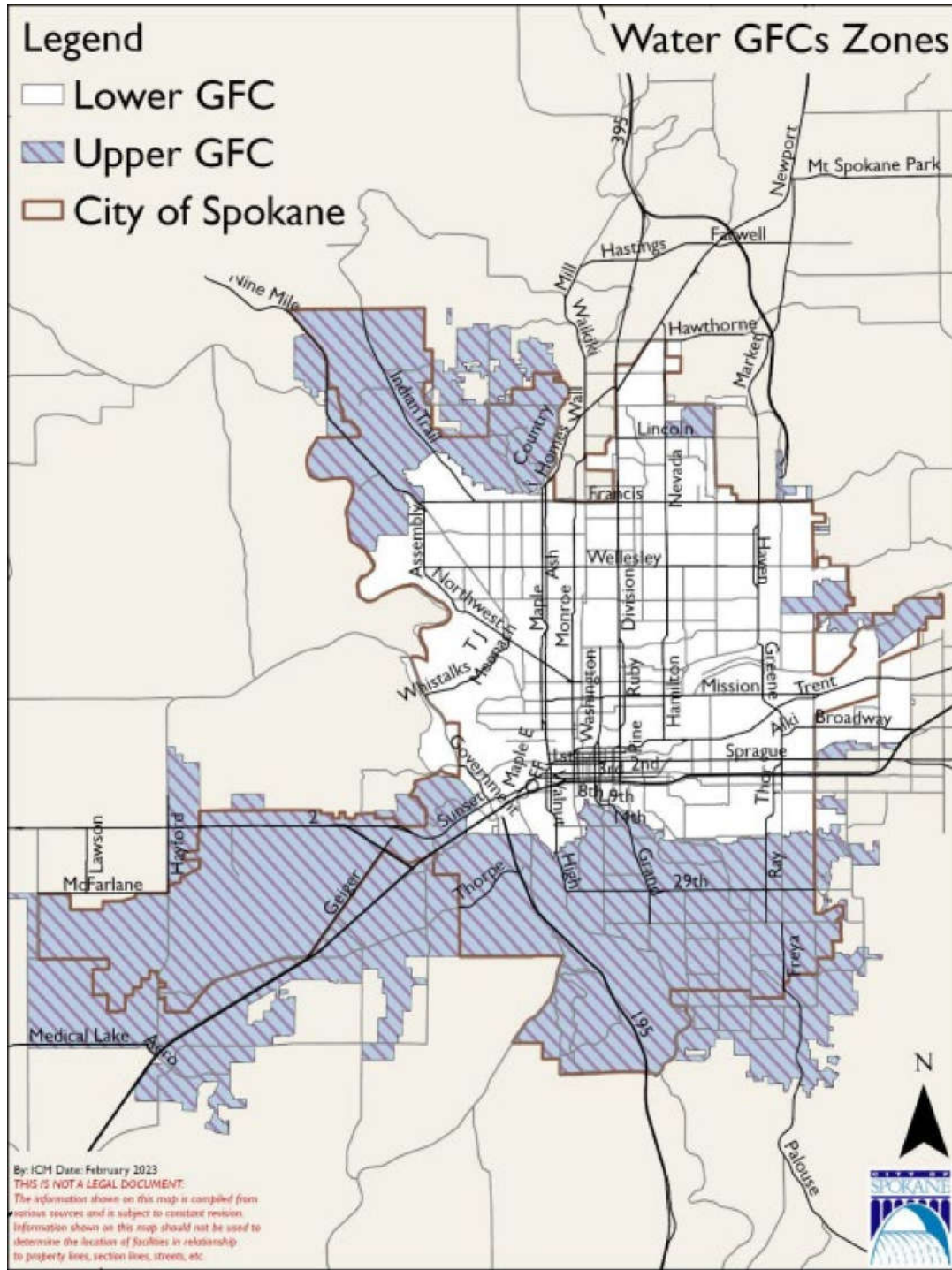
- Citywide update to the GFCs that represents current costs and anticipated projects over time and helps to keep monthly rates more affordable for everyone.
- Uses a reasonable and rational approach to assign costs.
- Ties GFCs to an inflationary index to avoid having the fees quickly get behind and avoid having to make such major changes in the future.
- Supports certain types of development with a dedicated funding source for GFCs.
- Implements new costs over time to allow our community time to adjust.
- Bases fees on meter sizes that support City goals around water conservation.

The General Facility Charge is a one-time charge imposed as a condition for a new utility connection and represents a proportionate share of the capital investment made to provide system capacity. This fee can be used to fund capital projects or related debt service; **it may not be used to fund operation and maintenance costs**. Governing state law: » RCW 35.92.025: In general, each connection shall bear a proportionate share of the cost of the system capacity required to serve it and ensures future customers pay for the capacity that existing customers have already provided for them.

The cities plan would create an Upper and Lower Zone for Water GFC fees that aligns where new facilities are needed which would not include a sewer GFC fee because it is one charge City wide. A Citywide update to the GFCs would represent current costs and anticipated projects over time and help keep monthly rates more affordable for everyone. **This plan would remove waiver areas** (the Lower Zone overlays with 90-95% of where waivers have been) **and economic development would need to look for other strategies to promote desired development** (two funding sources were presented in the meetings). The City can choose to fund a program that helps pay for developer's GFCs to encourage development in specific areas. Finally, a ¾-inch meter would be the basis for the fees supporting our goals around water conservation. This plan would include an Inflationary Index (which is the same for Transportation Impact Fees) and review of GFCs would happen every 3 to 5 years to ensure they are

consistent with system costs. Developer-constructed infrastructure would continue to be deducted from their GFC charge through a developer agreement with the city.

UPPER AND LOWER ZONES



Two zones were selected based on system operations and engineering: The lower zone is the basis of supply for the entire system and supplied directly from wells without the need of additional boosters. It also provides the base storage and supplies water to all other pressure zones through booster pump stations. The upper zone is the areas that need boosting (more expensive).

CURRENT METER SIZES FOR THE CITY OF SPOKANE

Look at Meter Sizes in our System

Meter Size	Existing Meters in Use	Percentage
3/4" or less	54,311	71%
1"	17,814	23%
2" & 1.5"	3,382	4%
3"	231	0.30%
4"	289	0.38%
6"	263	0.34%
8"	165	0.22%
10"	51	0.07%

Total meters ->

76,506

*71% OF THE METERS ARE ¾" OR LESS

RATE COMPARISION

Meter Size	Historic Water GFC	66% increase – Adopted thru March 4 th 2024	Adopted Low Zone March 2024	Adopted Upper Zone March 2024
¾ inch	\$1,232	\$2,045	\$2,823	\$10,407
1 inch	\$1,232	\$2,045	\$4,705	\$17,345
1.5 inch	\$3,485	\$5,785	\$9,409	\$34,690
2 inches	\$3,485	\$5,786	\$15,055	\$55,503
3 inches	\$6,402	\$10,627	\$32,932	\$121,413
4 inches	\$9,857	\$16,363	\$56,455	\$208,137
6 inches	\$18,108	\$30,059	\$127,025	\$468,309
8 inches	\$27,878	To be calc.	To be calc.	To be calc.
10 inches	\$38,961	To be calc.	To be calc.	To be calc.

WATER GFCS REMOVING INTEREST

Meter Size	Adopted Low Zone March 2024	Low Zone –No Interest	Adopted Upper Zone March 2024	Upper Zone – No Interest
¾ inch	\$2,823	\$2,281	\$10,407	\$9,635
1 inch	\$4,705	\$3,802	\$17,345	\$16,059
1.5 inch	\$9,409	\$7,604	\$34,690	\$32,117
2 inches	\$15,055	\$12,167	\$55,503	\$51,387
3 inches	\$32,932	\$26,615	\$121,413	\$112,410
4 inches	\$56,455	\$45,625	\$208,137	\$192,703
6 inches	\$127,025	\$102,657	\$468,309	\$433,582
8 inches	To be calc.	To be calc.	To be calc.	To be calc.
10 inches	To be calc.	To be calc.	To be calc.	To be calc.

PAST WAIVER DATA

Year	Collected	Waived	% Waived
2019	\$2,315,342	\$530,197	19%
2020	\$2,455,644	\$1,090,761	31%
2021	\$2,447,261	\$619,366	20%
2022	\$2,567,149	\$901,688	26%
Total	\$9,785,396	\$3,142,012	24%

Another option would be to charge one rate for the entire city. This option was put forth by developers.

Meter Size	Adopted Low Zone March 2024	Adopted Upper Zone March 2024	City-Wide Calculated Charge	City-Wide Calculated Charge – No Interest
¾ inch	\$2,823	\$10,407	\$4,881	\$4,285
1 inch	\$4,705	\$17,345	\$8,135	\$7,141
1.5 inch	\$9,409	\$34,690	\$16,269	\$14,282
2 inches	\$15,055	\$55,503	\$26,031	\$22,851
3 inches	\$32,932	\$121,413	\$56,943	\$49,987
4 inches	\$56,455	\$208,137	\$97,617	\$85,692
6 inches	\$127,025	\$468,309	\$219,638	\$192,808
8 inches	To be calc.	To be calc.	To be calc.	To be calc.
10 inches	To be calc.	To be calc.	To be calc.	To be calc.

For this option, all new development would pay the same fee. I believe this would not benefit the need for affordable/low-income housing. Developers would continue building market-rate houses in the upper zone at a lower fee. The lower zone, which has been identified as a target investment zone would

then pay this higher fee to build. Remember, development GFCs were waived in the lower zone (prior to the update of GFCs) so fees would go from 0 to \$4881.

My Recommendations

1. I believe the two-tiered city approach is the best option for now. With the amount of development occurring in the upper zone, I feel it is imperative that the cost of expansion should be paid for by these projects. Because the city has waived GFCs in the past, the funding needed to expand the system is deficient.
2. The state of Washington allows the city to charge interest on these public facilities. I think charging these fees **without** interest would be a compromise to such a significant increase in fees.
3. It is imperative that the city identify another funding sources to accommodate waivers of GFCs. Two sources were presented during these meetings. This would be a process change for GFC waivers and still allow “waivers” for development of affordable/low-income housing without depleting the funding generated by GFC impact fees.
4. Basing the pipe size on $\frac{3}{4}$ ” would support water conservation goals.

This is a very complex issue with multiple factors. I have done my best to interpret this information and be a voice for the community. Please let me know if you have questions.

Molly Marshall

GFC committee representative for CA

A Resolution

by the Community Assembly of the City of Spokane

Adopted by the Community Assembly on the 6th day of July in the year 2023

Regarding General Facility Charges in the City of Spokane.

Whereas the General Facility Charges or GFCs that new developments pay to connect to our water and wastewater systems have not been updated in over 20 years;

Whereas City Council approved an interim GFC through March 2024 that increases the rate by 66% to represent inflation on rates that were adopted in 2002;

Whereas many GFC fees were waived, generating reduced funds from growth related projects, relying on utility rates instead; and

Whereas City Staff has recommended a number of changes to GFC policy to avoid future funding issues through GFCs; now, therefore, be it

Resolved, that the Community Assembly recommend to City Council:

1. to adopt a two-tiered approach as outlined in the GFC Brief Document to the Community Assembly
2. charge GFC fees without interest as a compromise to the significant increase of fees
3. identify another funding source to accommodate waivers of GFCs as discussed in meetings with the GFC Advisory Committee
4. base the pipe size on ¾" to support water conservation goals

By the authority of the Community Assembly of the City of Spokane;

Signed,



Randy McGlenn, Chair, Administrative Committee

SLIHC Comments

Benzie, Ryan

From: Ben Stuckart
Sent: Tuesday, September 12, 2023 8:13 AM
To: Feist, Marlene; Miller, Katherine E
Cc: City Council Members and Staff
Subject: General Facility Fee Feedback - SLIHC
Attachments: SLIHC GFC Letter.pdf

[CAUTION - EXTERNAL EMAIL - Verify Sender]

Marlene and Katherine

Thanks so much for taking the time to come speak with SLIHC membership regarding the changing structure of GFC's and the recommendations. Thank you as well for allowing Ami Manning to represent SLIHC on the Mayor's advisory committee.

Attached is our letter with feedback.

Thanks so much

Ben

--

Ben Stuckart

Executive Director, Spokane Low Income Housing Consortium

www.housingandhelp.org



September 12, 2023

Marlene Feist, Public Works Director
City of Spokane
808 Spokane Falls Blvd
Spokane WA 99203

Dear Marlene Feist,

The Spokane Low Income Housing (SLIHC) is a membership association that promotes the long-term availability of affordable housing in Greater Spokane. We represent over 25 organizations representing non-profits, for-profits, architects and banks. After participating in the GFC Committee and listening to the city presentation in August, the membership had a discussion and came to unanimous consensus on the following:

1. City wide waiver for low-income housing projects. This encourages equitable housing production, we need more supply. Incentives to support low-income housing are essential, numerous projects would not pencil out with new rates. There is no new subsidy and subsidy has been falling behind for the last 40 years. We are also not in support of using other historical low-income housing subsidy dollars to pay for this waiver.
2. One zone- One zone will allow for housing to be built in more than one geographic area and be more equitable for our communities. Members fear that by pricing historically wealthy areas higher that will discourage production in these areas. The two-zone system reinforces areas that have been historically redlined. We feel this recommendation will assist in building low-income housing and in disrupting of historical housing inequities.

Thank you for your time and consideration of these recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Stuckart".

Ben Stuckart
Executive Director

CC: Spokane City Council
Katherine Miller

NEPDA Comments

Benzie, Ryan

From: Jesse Bank <jesse.bank@northeastpda.com>
Sent: Wednesday, September 20, 2023 9:43 AM
To: Feist, Marlene
Subject: NEPDA GFC Comment
Attachments: 230920 NEPDA GFC Comment.pdf

[CAUTION - EXTERNAL EMAIL - Verify Sender]

Hi Marlene -

Thanks for the call the other day. Apologies for this coming in after the deadline - all three of us came down with a nasty cold over the weekend and dealing with a sick infant has been challenging to say the least. I imagine we're too late to get this into the package for the first Plan Commission workshop next week, but hopefully it can be added to subsequent packages for the benefit of the record.

Thanks again -

Jesse Bank
Executive Director

// NORTHEAST PUBLIC DEVELOPMENT AUTHORITY
e // jesse.bank@northeastpda.com
p // 509.795.0290
w // makeitspokane.com

Marlene Feist
Director, Public Works
City of Spokane
808 W Spokane Falls Blvd, Second Floor
Spokane, WA 99201

September 20, 2023

Dear Director Feist and Public Works Staff

The Northeast Public Development Authority (NEPDA) staff and Board of Directors appreciates the opportunity to provide the following comment on proposed updates to the General Facilities Charges (GFCs). This is an incredibly important discussion that will meaningfully shape the growth of the City of Spokane going forward and will have significant impact on this market's growth trajectory.

Since its inception, the NEPDA has benefitted from GFCs being waived within its boundaries. These waivers are considered to be an integral tool the PDAs can use to drive prosperity and economic growth in the area through new development – they are the only as-of-right incentive available to project proponents at present. **There is a preference among members of the NEPDA Board that the waivers be retained.** There is generally sufficient water and sewer capacity within the district to support the growth that is envisioned, and considerable other infrastructure-related challenges exist that should the waivers be rescinded, projects may become infeasible. This would inevitably dampen growth in an area the City of Spokane and Spokane County have cooperatively prioritized for special economic assistance.

Should the waivers be retained, the NEPDA looks forward to a productive discussion about how to leverage its revenue stream to fund its portion of anticipated system-wide growth, provided there is acknowledgement:

- That the NEPDA's revenue is currently insufficient to cover the entirety of the growth-related water/sewer costs attributable to it. So, while it may be able to contribute, some other revenue stream will be required to completely satisfy the cost of the waivers.
- That each of the three current PDAs have different infrastructure needs and revenue potential, and therefore a one-size-fits-all approach to a potential PDA GFC contribution is likely not an ideal solution.

Should the City Council and Board of County Commissioners elect to rescind the waivers via an amendment to the Interlocal Agreement that governs the NEPDA, there is a strong preference that the two-zone approach to GFC rates be enacted. This would ensure a more direct nexus between growth in the PDA and the fees charged to project proponents.

In addition, the NEPDA Board would encourage the City to develop new as-of-right incentives that could be offered to projects choosing to locate in the PDAs in place of the GFC waivers. The three PDAs were created because the City and County identified significant growth potential in these areas but recognized that growth would be challenged but for the creation of a PDA to facilitate it. Removing the only as-of-right incentive the PDAs can offer would significantly diminish their tool set and ability to carry out their purpose, so some level of replacement would be warranted.

Finally, whatever the outcome of conversations related to GFC waivers, the NEPDA encourages the City to explore a graduated phase-in of the increased GFCs city-wide. There is significant concern that the proposed substantial and immediate increase in development costs will have a chilling effect on growth market-wide, damaging the long-sought momentum that has finally arrived in Spokane. The NEPDA area is experiencing that momentum as well – new property owners, new businesses, and a new energy – but it is predicated on the success of the larger market. Phasing in GFC increases will give many projects that are now on the brink time to complete, and future projects in the pipeline time to adapt to this new fee environment. This will be less disruptive to the city's currently very positive trajectory which will benefit all, the NEPDA area included.

The NEPDA commends City staff for addressing these longstanding, systemic issues, despite their complexity and the difficult conversations that necessarily result. We appreciate the opportunity to comment and look forward to continued dialog on this critical matter.

Respectfully,



Jesse Bank
Executive Director
Northeast Public Development Authority

Spokane Realtor Association Comments

Spokane REALTORS®

The Voice for Real Estate™ in Spokane County

Member of National Association of REALTORS® and Washington Association of REALTORS®

The term REALTOR® and the identifying logo are federally registered collective membership marks identifying real estate professionals who are members of the National Association of REALTORS® and subscribe to its strict Code of Ethics.

Spokane REALTORS® Position Statement

After reviewing a proposal for separate water zone charges, we recommend making a single water district GFC fee as the only way to be equitable across the city. Given our policy of increasing density, we must standardize fees citywide to ensure equitable and fair applications of fees for owners, and to keep from creating a disincentive to build outside the downtown core.

There are two elements we believe should be removed from the GFC cost calculations:

Interest charges: City staff have proposed that interest rates on the money used for previous projects be factored in as a future charge for unused capacity, even though many city projects were NOT built with borrowed money. This is allowed by State law, but is not a requirement. Additionally, this represents a new practice, and one that is not the current standard practice by Spokane.

County and PDA Obligations: All costs associated with County use, airport expansion and other PDA Obligations should be taken out of the cost calculations, instead of factored into the cost recovery basis for both water and sewer fees.

Instead of using meter sizes to determine costs, we believe a fee structure that is based upon an *Equivalent Residential Unit* (ERU) is a much more equitable solution. In this model, smaller homes would pay a ½ rate for connections, while larger projects would need to pay a 1 ½ times fee based on projected water usage. We agree that basing fees on water meter size creates fundamental unfairness.

The cost basis should be based on only the 6-year capital project approved through the Comprehensive Plan. The 7-20 year project list is one created by staff, and has NOT faced any public review or approval by any elected body.

The penalty currently in place for sprinklers must be eliminated. Staff believes that capacity should not be counted, as it's necessary for to meet available pressures and capacity for a sprinkler system while recognizing that capacity is not truly used.

A portion of the GFC fees collected needs to be put in a set-aside fund to assist in development costs for adapted use. For example, a new infill project may require a larger connection that is available. This fund, to be used at staff discretion for assisting in those costs. Otherwise, many projects may not be funded because this issue becomes a hurdle to development.



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Spokane REALTORS®

When Multi-Family Tax Exemptions (MFTE) expire, the City sees a windfall of new property tax revenues. We believe the best short-term use of these funds would be beneficial to contributing to new and existing system repairs and upgrades.

We should not eliminate building incentives lightly. There were important reasons for allowing these incentives in the first place. We must consider any opportunity we can to incentivize opportunities in keeping with city initiatives such as infill, parking lot conversions, office building conversions, ADU's, neighborhood enhancements, and centers and corridors.

We need to grandfather in projects under development that have been funded and developed under existing fees. It's not fair to dramatically increase costs after these commitments are in the pipeline.

We must establish a long-term GFC fee solution that brings back more certainty to the development community. Already we are seeing key projects postponed or cancelled because of this uncertainty. Let us establish a fee with built in increases that can be anticipated and adapted fairly.

Finally, as the city looks to raising monthly water bills to help cover the costs of system repair, we believe a more equitable increase would be for larger increases in those areas that are farther away from water sources and in the uphill areas of town that require more pumping ability to deliver water.

###



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Benzie, Ryan

From: Jim Frank <jfrank@greenstonehomes.com>
Sent: Monday, September 11, 2023 11:32 AM
To: Gardner, Spencer
Cc: Feist, Marlene; Jennifer Thomas; Cathcart, Michael; Bingle, Jonathan
Subject: GFC Comments to Plan Commission
Attachments: GFC Presentation to Plan Commision PDF.pdf

[CAUTION - EXTERNAL EMAIL - Verify Sender]

Spence,

Could you please forward my comments to the Plan Commission for consideration in the upcoming workshop and subsequent public hearing on the GFC fees. As you know I was a member of the Advisory Committee appointed by the Mayor.

Thanks, Jim

GFC ISSUES and RECOMMENDATIONS

1. Should there be two separate water GFC fee areas and if so, what is the basis for creating the boundary between the two areas?

- The previously the fee was **assessed uniformly across the city**.
- The initial basis for two zones was based upon pressure zones, with a higher fee for projects located in the "upper zone" that requires the use of booster pumps. However, the pressure zone boundaries were modified to include land in Latah Valley, Indian Trail and near Nevada and Lincoln, even though these were located in the "lower pressure zone" boundaries.
- It is **nearly impossible to get a rational basis for 2 water GFC fee zones** as the water system is so integrated. **Any two zone fee system will require manipulation of the existing city pressure zones.**
- The fee analysis includes an "assumption" that the average unit in the lower zone uses about 1100 gallons per day of water while the average unit in the upper zone will use 1650 gallon per day. This is based upon an historical analysis of water usage. The 1100 GPD is actually a city average number not the "lower zone" number. The "lower zone" average water ERU would be under around 850 GPD. The "lower zone" includes areas generally developed prior to 1950 with smaller homes on smaller lots. The "upper zone" was generally developed more recently with larger homes and lots. **The assumption of higher water consumption in the "upper zone" is a significant factor in the fee differential between the zones and does not reflect future usage.**
- **The historical water use by pressure zone is a fundamentally inaccurate basis for assessing GFC fees.** Future development looking forward 20 years will be primarily higher density, smaller lot or MF infill development regardless of the water pressure zone.
- **The lower-higher zone boundary had the practical impact of putting the large majority of the south hill into a higher fee zone** even though much of the area has been fully developed for more than 70 years, yet leaves the far reaches of the north side (Nevada and Hawthorne) in the "lower" zone.
- Do we need to consider the **equity of essentially "red-lining" infill development out of South Hill and higher income northside neighborhoods** resulting from the two-zone fee structure?
- Larger homes on larger lots should pay a higher fee, but this is best determined at the time of building permit based an ERU based fee that considers unit and lot size and fixture count.

Recommendation: We strongly favor a single fee zone as the only equitable way of imposing a GFC fee.

2. Should there be a fee waiver for affordable housing?

- There is currently a central fee waiver zone.
- The current proposed ordinance eliminates the abatement area completely. The interim ordinance is allowing a fee abatement for “permanently affordable” units.
- Staff is proposing that the city needs to find a way to fund that waiver. That cost will be about \$1.0 to 1.5 million for each 100 affordable units. I don’t believe that level of funding will ever be available without poaching other affordable housing funding sources.
- Affordable housing for families making less than 80% of median income is reasonably a cost that should be borne by the entire rate base.
- The lack of a fee waiver will make many subsidized projects economically unfeasible in many cases.

Recommendation: Maintain the fee waiver for permanently affordable housing in a manner consistent with the interim ordinance. Trying to find reimbursement funds will not be economically feasible without taking from affordable housing funds.

3. What costs should the GFS fees seek to recover? Should interest on the existing system be included?

- Under the law you may legally collect a GFC charge to cover (1) the cost of new projects necessary to support development; (2) a pro-rata share of the existing system; and (3) interest expense on the existing system. **This is a policy choice and different jurisdictions take different approaches.** Many just seek to recover the costs necessary to support new construction.
- The interest charge is a calculated charge and does not reflect actual interest costs. It is essentially 10 years at about an average of 5% annually, so a 50% surcharge on the cost of the existing system.
- **The cost of the existing system and the interest surcharge does not consider the age and depreciated value of the existing assets.** The city recognizes that much of the system will need to be replaced and upgraded over the next 20 years. The new connections will bear the cost

of this aging system twice, paying for it as part of the GFC and then paying for it again as a rate payer when it is replaced and upgraded.

Recommendation: Exclude interest from the recoverable cost basis as a reasonable offset against a system that is very old and substantially depreciated.

4. Should the GFC charge recover the costs of facilities necessary to serve growth in the PDA areas where the city cannot assess GFC charges?

- Spokane serves sewer and water to 3 PDAs (NE, U District and Airport West Plains). The inter-local agreements to provide utility service to the PDAs include an agreement to not charge a GFC fee. For example, the sewer and water work planned to support the airport expansion is about \$30 million.
- **In theory this cost of both the existing system and the future system upgrades necessary to serve the PDA should be excluded from the recoverable cost basis.**
- The city has agreed this will reduce the cost basis and fees but the details of that calculation have not yet been provided. I
- The same applies to **sewer capacity sold to Spokane County** (20% of treatment capacity). System costs have not been reduced to reflect the capacity reduction available. For example, 20% of the treatment capacity costs should be removed from the recoverable costs. A similar calculation and cost reduction for the collection system would also be required. The city is taking the position that the cost basis is reduced only by payment received from the County. That is fundamentally erroneous accounting. Whatever financial deal the city made is a burden carried by the full rate base. The recoverable costs need to be reduced pro-rata to reflect the portion of the system committed to the County from which connection fees cannot be collected.

Recommendation: Reduce the “recoverable costs” by the share of existing system and future system improvements required to serve PDA areas and the 20% County reserved sewer capacity.

5. What should be the basis for the GFC charge? Is “meter size” or an ERU basis a more equitable method of assessing GFC charges for new connections?

- The city currently calculates GFC charges based upon meter size and has proposed using meter size to assess GFC fees going forward.
- **Each meter size will accommodate a wide range of water flow.** For example a small 400SF ADU and a 5000SF house can be served with a single 3/4" meter on a 1" service line. Using meter size, virtually every single family home would pay the same fee, regardless of unit or lot size, unless they need to move from a 3/4 inch meter to a 1 inch meter. This is not equitable.
- The same inequity will occur for MF units. The range of capacity for a 1.5 or a 2 inch meter is very broad and will not accurately reflect actual demand on the system. **As staff notes it creates a "stepped" fee structure, where the fee changes only when the project requires a "step" to a larger meter.**
- Another problem with the "meter" basis for GFC charge is that there will a need to manually adjust the meter size to eliminate fire flow. Every MF permit (over 3 units) now requires fire sprinklers. A separate meter for fire flow is not reasonable for most smaller MF projects developed under BOCA.
- **Many jurisdictions use an "equivalent residential unit" (ERU) basis that accommodates more accurately the actual use of the property being connected.** It is simple to provide an ERU adjustment factor for residential units based upon unit size. Unit size can be a proxy for family size and lot size. This is actually evidenced by the variation in ERU water flows by pressure zone in the city system.
- Meter size can still be used for non-residential permits.

Recommendation: Using an average system wide GFC charge per residential unit with an adjustment factor for unit size and MF vs SF construction type. This adjustment factor can be developed by looking at actual system data.

Benzie, Ryan

From: Jim Frank <jfrank@greenstonehomes.com>
Sent: Wednesday, August 23, 2023 4:13 PM
To: Feist, Marlene
Subject: GFC Fees
Attachments: GFC ISSUES and RECOMMENDATIONS.docx

[CAUTION - EXTERNAL EMAIL - Verify Sender]

Hi Marlene,

Attached are my comments on the GFC policy issues that we have been discussing.

We have not yet seen the adjustment that would be made in the system recoverable costs to reflect the service to PDA areas and the share of the sewer system committed to Spokane County. Will we see those numbers before the Plan Commission workshop and hearings?

It appeared on the sewer system that you are only adjusting the costs based on whatever payments you have received from Spokane County. I believe that to be incorrect accounting and fundamentally unfair. Where 20% of the treatment capacity has been sold/committed to Spokane Coune **and is not available for use by new development** in the city then a corresponding 20% reduction in the system costs should be reflected. The amount paid by the County is not a relevant number in my opinion and the terms of the transaction with Spokane County are a cost to all rate-payers not just the new connections. By not reducing the system cost by the percentage dedicated to Spokane County you are making that cost recoverable only by the new ratepayer. I hope staff reconsiders this position.

Thanks, Jim



Sewer and Water GFC Charges

Feed Back on Policy Issues
Asked of Advisory Committee

Advisory Committee

The Advisory Committee considered a wide range of policy issues. These policy will impact how the GFC fees are administered. **The goal should be a fee schedule that fairly allocates utility system costs between current rate payers and new construction.**

(1) Methodology Used: Should Fees be Assessed Based on Meter Size (MCE Meter Equivalents) or ERU (Equivalent Residential Units)

The primary issue here is which methodology best represents the actual sewer and water system usage by an applicant seeking a permit

Fee Based On Meter Size

- Historically this has been the method used by the city
- Meters have a wide range of capacity. You can see the wide range of flow between meters on the chart of the next slide
- A 2" meter could be required for an infill 4-plex. However, a 2" meter would work up to about 20 units. Both projects would pay the same fee.
- The fees "steps up" when the required service "steps up" to a larger meter size. Very inequitable for middle density infill development and MF in general
- The fee based on meter size was a minor factor when fees overall were low. As fees reach higher levels the meter basis becomes inherently unfair.
- The meter size basis gets complicated because MF projects include fire flow requirement and an adjustment to a "theoretical" meter size that excludes fire flow has to be made. Administratively this is complicated and creates uncertainty to the applicant.

Meter Size (IN)	Maximum Flow Rate (GPM)
5/8	25
1	70
1 1/2	120
2	170
3	500
4	1,000
6	1,600
8	2,800
10	4,400

Meter Size and Maximum Flow

You can see the wide range of flow possible in a single meter. 25 GPM is about what is required for a single residential unit

Fee Based on ERU

- An ERU is defined as the use of an “average” single family home. The City has calculated this to be about 1050 MGD, (average maximum daily flow)
- An ERU value can be assigned to a use based on the expected water and sewer consumption for that use.
- For example small homes (with fewer fixtures) could be assigned an ERU value of say .50; an average size home an ERU of 1.0; and a large home an ERU of say 1.5. Apartment units, which have been documented to use less water (smaller units and less irrigation) could be assigned a value of say .50 ERU and the fee calculated by the number of units times the ERU value. This can also be calculated by fixture count and estimated water flow per fixture.
- Non-residential applications can have a ERU based upon fixture counts.
- The ERU basis is more equitable and more fairly reflects the actual system capacity being used by a project and avoids the “stepped” fee basis.

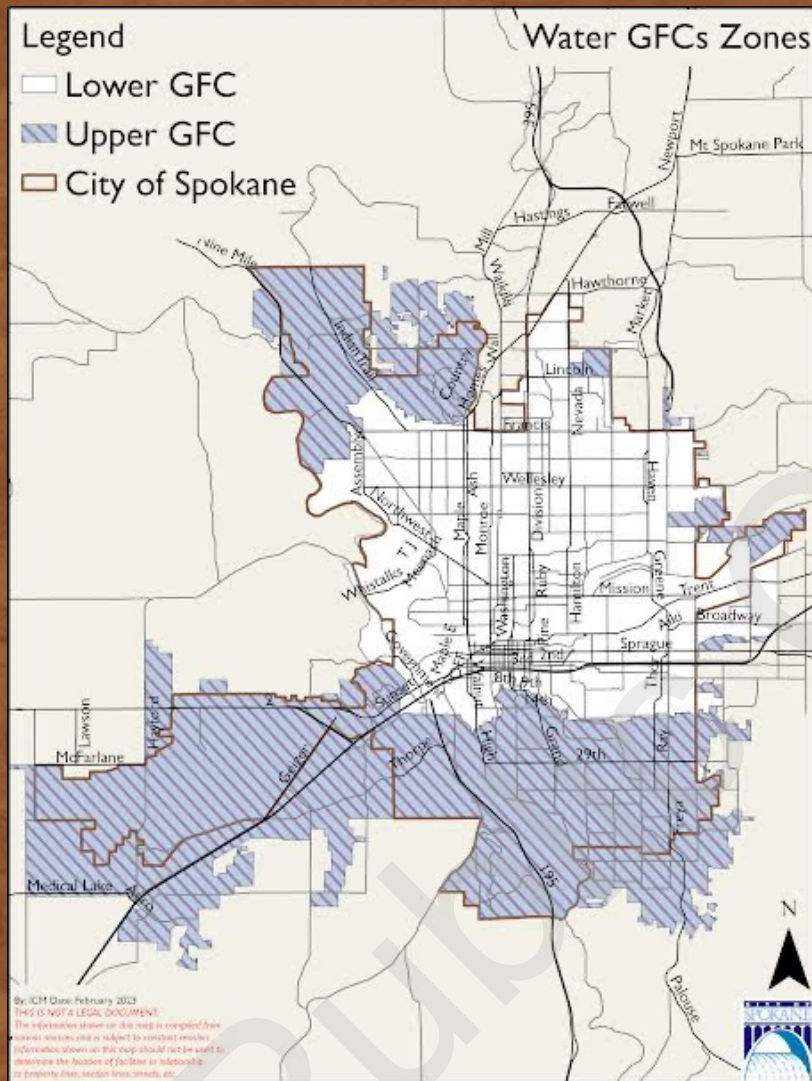
(2) Should the Fee be Based Upon One or Two Zones?

- The City currently assesses both Sewer and Water GFC charges based on a single city wide zone.
- The staff recommendation in the March 2023 proposal was to have a two fee zone for water and a single fee zone for sewer.
- The basis for the two zone fee structure for water was some outlying areas cost more to serve

There is No Rational Basis for Establishing a Boundary for Two Water Zones

- The boundary used for the “lower zone” excluded most of the South hill but included the north-side all the way to Hawthorne Road.
- Because fees were 4 times higher in the “upper zone” it essentially **redlined affordable homes** out of the south hill
- The boundary of the “lower zone” manually adjusted pressure zone boundaries to arbitrarily exclude greenfield development land in Latah Valley and Indian Trail that was in the same pressure zones.
See next Slide
- In suburban development areas developers install significant sewer and water main line distribution infrastructure as well and required pumping stations.

Two GFC Price Zone



- Proposed ordinance creates two water GFC price zone
- Radical departure from current policy
- Upper zone charges are 4X the Lower zone charges
- Based upon City Water Plan both Indian Trail and Latah Valley have been manually removed from Lower Zone
- Ordinance “redlines” affordable housing out of South Hill and upper income neighborhoods

Discriminatory Zone Pricing for Water GFC

The pricing differential is so large it effectively “redlines” affordable housing out of the South Hill and other affluent neighborhoods

Multi-family	8-inch	(\$27,878)	
Multi-family	10-inch	(\$38,961)	
Multi-family	12-inch	(\$51,216)	
	<u>¾-Inch or less</u>	<u>\$2,823</u>	<u>\$10,407</u>
	<u>1 inch</u>	<u>\$4705</u>	<u>\$17,345</u>
((Commercial))	<u>1.5-inch ((or less))</u>	(((\$1,232)) <u>\$9,409</u>	<u>\$34,690</u>
((Commercial))	2-inch	(((\$3,485)) <u>\$15,055</u>	<u>\$55,503</u>
((Commercial))	3-inch	(((\$6,402)) <u>\$32,932</u>	<u>\$121,113</u>
((Commercial))	4-inch	(((\$9,857)) <u>\$56,455</u>	<u>\$208,137</u>
((Commercial))	6-inch	(((\$18,108)) <u>\$127,025</u>	<u>\$468,309</u>
((Commercial	8-inch	\$27,878	
Commercial	10-inch	\$38,961	
((Commercial	12-inch	\$51,216))	
(* In a PUD, each house is charged individually the rate listed for “house.”			
** Multi-family represents three or more living units.))			
* Connections larger than 6 inches will require written agreement with specific costs associated to needed flow rate.			

A Two Water Zone Basis Assigns Different ERU Water Flow Base to Each Zone

- In the Lower Zone an ERU was assumed to use 1050 GPD
- In the upper Zone an ERU was assumed to use 1650 GPD
- The variation is based on historical differences in average ERU flow in pressure zones. This reflects the historical differences in home and lot sizes and is not a basis for new construction.
- The pressure zones in the Lower zone were primarily developed prior to 1950 when home and lot sizes were significantly smaller.
- Assigning a higher flow based on two zones inherently in equitable.

(3) Should Interest be Included as a Recoverable System Cost?

- State law permits the recovery of interest expense on the book value of the existing system for a period of 10 years.
- The staff used an average interest rate of about 5%, so including interest adds about 50% to the recoverable system costs.
- In the March 2023 fee proposal the staff included system cost; interest on system cost; and the cost of new infrastructure necessary for new development as “recoverable” costs from GFC fees.

Issues Related to Including Interest as GFC Recoverable Cost

- Much of the city sewer and water system is very old (more than 50 years) and in need of repair and replacement.
- Interest is a “calculated” cost, it is not an actual cost. It is added to the cost of the system that is significantly depreciated in value due to age and needed replacement.
- New ratepayers, paying the GFC, will also be responsible for the costs of the existing system replacement and maintenance... effectively paying for the system twice if interest is included.
- Keeping GFC fees fair and reasonable is an important component in providing a regulatory framework that encourages the development of new housing in the community.

(4) How to Properly Account for PDA Districts and Sewer System Capacity allocated to Spokane County

- The City has three PDA (SIA, U-District and Hillyard) where by interlocal agreement the city does not charge GFC fees.
- The City has allocated 20% of its sewer stem capacity for use by Spokane County. That portion of the system is not available for new development in the city.
- Since the portion of the system dedicated to the PDAs is not subject to collection of GFC fees then the cost of that portion of the system plus the new utility infrastructure required to serve that area should be excluded from the GFC “recoverable” cost basis. This has not yet been done and has not been reflected in the draft GFC fees.
- Since the sewer capacity dedicated to Spokane County is not available to new development the that portion (20%) of the system costs should removed from the “recoverable” costs. This has not been done.
- The cost burden associated with the PDAs and the allocation of sewer capacity to Spokane County has been placed on the entire rate holder base and cannot fairly be allocated to new construction GFC fees.

(5) 5/8" Meter Size as an Option

- The city has proposed a 5/8" meter size as a lower priced option to serve SF homes.
- If a fee based on meter size is used then this is clearly a benefit, as it would reduce the unfairness inherent in a fee based on meter sizes for single family homes. It will not address the inequity for middle housing and MF homes.
- The same result is achieved in an ERU based fee by having the fee reflect unit size or fixture count so that the fee more accurately reflect the actual water usage of the use proposed than is possible by simply using meter size.

(6) Staff Poses a “Growth” versus “Rates” Question as a Policy Issue?

- The implication of the question is.... Should some portion of the cost “fairly allocable” to new construction be borne by the rate payers?
- All the industry is asking is that the allocation of the “system cost” basis to be recovered by GFC fee is **fair and equitable**. Each policy choice needs to be weighed with this lens, not whether the cost should be allocated to rate payers.
- The rate payer will carry the burden of some policy choices already made by the city (for example to waiver GFC charges in PDA areas and to allocate 20% of sewer system capacity to Spokane County).
- The exception to this is a fee waiver for permanently affordable housing. This is a policy decision by the city as to whether by waiving fees the rates payers would bare some cost in making permanently affordable housing more accessible in the City.

(7) Should the GFC Fees be Phased in Over Some Period of Time?

- This is a mechanism to reduce the burden of a higher fee over the short term
- The staff has proposed that the reduced fee would be recovered by higher permanent fees later.
- If fees are based upon a fair and equitable allocation of system costs to be recovered I don't believe a phase in would be necessary. The focus should be on developing a fair GFC fee, not trying to mitigate the short term impacts.

(8) What Development Should be Supported by Incentives?

- The previous fee structure had a fee waiver zone. Nearly everyone believes that is not necessary.
- The temporary ordinance waives fees for “permanently affordable” housing.
- There has been a consensus that this incentive should be retained.
- Staff has requested that the Utility Department be reimbursed for this waive from other funding sources for affordable housing. This is self defeating and will limit funds available for affordable housing.
- The policy question should be whether existing rate holders will carry the modest cost of waiving the GFC for “permanently affordable” housing.

(9) Should an Infill Development Reimbursement fund be Established?

- This was raised as an issue at the Advisory Committee
- Significant infill development is stifled by the lack of adequate sewer, water and road infrastructure located in older inner city neighborhoods.
- Many projects are killed because they are too small to cover the cost of correcting deficient infrastructure in infill locations (unpaved roads and alleys, undersized sewer and water lines, utility main extensions)
- It has been proposed a reimbursement account of \$1 million per year be funded by GFC fees that would allow the city to reimburse developers for correcting deficient infrastructure necessary for infill projects. Over the 20 year planning period \$20 million would be added to the sewer and water recoverable cost basis to cover this costs.
- Would be limited to narrowly defined inner city infill locations.

**PUBLIC
COMMENTS
RECEIVED AFTER
09/27/23
WORKSHOP**

From: Amber Johnson <amber.j@snapwa.org>
Sent: Friday, October 13, 2023 3:02 PM
To: City Council Members and Staff <citycouncil@spokanecity.org>
Cc: Feist, Marlene <mfeist@spokanecity.org>; MacDonald, Steven <smacdonald@spokanecity.org>;
kmCollim@spokanecity.org; Julie Honekamp <Honekamp@SNAPWA.org>
Subject: General Facilities Charges Waiver for Affordable Housing

[CAUTION - EXTERNAL EMAIL - Verify Sender]

Dear City Council Members,

Spokane Neighborhood Action Partners (SNAP), would like to express concerns with the proposed changes to the General Facilities Charges (GFC) and specifically the proposed changes to the current GFC waiver for affordable housing creation. Additionally, we are opposed to the use of 1590 sales tax to backfill these waived fees.

We ask you to consider the factors below:

- The GFC fee waiver is an important tool for the creation of affordable housing. This fee can cost upwards of \$400,000 – over \$1 million in added costs for affordable housing.
- The plan to use the 1590 fees to backfill the waived fees as per the budget proposal would take away much-needed flexible and limited resources for the development of affordable housing.
- We encourage the City to explore the use of the State of Washington's CHIP program ([link](#)). Among the eligible uses is reimbursing municipalities for waived GFC fees.

Limited financial resources and increased competition in the housing development field motivate us to ask the Spokane City Council to reserve the use of 1590 funds for their intended purpose of facilitating the development of additional units of affordable housing. We ask that the Spokane City Council retain the full fee waiver for affordable housing development. This is an important way that the City can support the creation of housing units in our community while allowing developers, like SNAP, to leverage funding from other local, State, and Federal sources.

On behalf of the over 38,000 Spokane neighbors served annually by SNAP, we appreciate your consideration of our request.

Respectfully,
Amber Johnson
Director, Mission Support - SNAP

Amber Johnson | she/ her/ hers
Director, Mission Support
(509) 456-SNAP x5213
3102 W. Whistalks Way | Spokane, WA 99224

Live. Learn. Thrive.

snapwa.org

From: Deb Elzinga <debe@communityframeworks.org>

Sent: Friday, October 13, 2023 2:07 PM

To: City Council Members and Staff <citycouncil@spokanecity.org>

Cc: Feist, Marlene <mfeist@spokanecity.org>; MacDonald, Steven <smacdonald@spokanecity.org>;
kmCollim@spokanecity.org

Subject: GFC fee waiver concerns

[CAUTION - EXTERNAL EMAIL - Verify Sender]

Dear City Council Members:

Our organization, Community Frameworks, is one of the community's stewards of a precious resource: *Affordable Housing*. The people who live in our rental homes are people who may work at gas stations or nursing homes. Our residents are also people with physical disabilities and mental health issues. Our rental homes included older adults and families with limited means. They are among the most vulnerable people in our community, and they cannot afford market rate rents. We create homes where people can live within their budget.

Mayor Woodward's budget proposes an increase in GFC fees for affordable housing. The result is up to a \$17,000 or 6.8% increase in the cost of an affordable home. To offset this increase, the budget proposes spending funds already committed to the development of affordable housing (1590 funds). This "incentive" provides a marginal offset to the massive increase in fees and is capped at a \$60k benefit. The bottom line is that the proposed measures will increase in the cost of affordable housing, resulting in fewer affordable homes being developed.

Further, the proposed change to the fee waiver incentive targets small-scale affordable housing projects which represent a small fraction of the total affordable housing production across Spokane County and the nation. **The alternative to this is to use the State of Washington has a program called the CHIP program ([link](#)), which offers reimbursement to municipalities for waived GFC fees.**

Using the funds designated for affordable housing derived from the 1590 sales tax is fees for this purpose would duplicative. I would encourage the City to retain the GFC fee waiver for affordable housing with the understanding that eligible affordable housing projects would seek funding from the CHIP program to reimburse the city for the waived GFC fees when at all possible.

We have limited tools in our toolbox to create affordable housing. One critical tool in our toolbox is the current GFC fee waiver for affordable housing creation. **In the case of a recent rental housing development that our organization created, that waiver saved us \$400,000! Without this fee waiver, it would have been extremely challenging, if not impossible, to fill that kind of a gap.**

On behalf of Community Frameworks, I urge the Spokane City Council members to retain the full GFC fee waiver for affordable housing creation and to use the 1406 & 1590 funds for their actual intended use. Further, we believe the State CHIP funds is a much better financial strategy for replacing revenue for any waived fees.

Thanks very much,

Deb Elzinga

Community Frameworks | President & CEO

907 W. Riverside Ave

Spokane, WA 99201

Direct Line: 509-890-1202

debe@communityframeworks.org

Housing Solutions For The Northwest

To: Public Infrastructure, Environment and Sustainability Committee of the Spokane City Council

From: Steering Committee of the Sustainability Action Subcommittee

Date: October 17, 2023

SUBJECT: Supporting the General Facilities Charge (GFC) Proposal

On June 6, 2023, Marlene Feist presented a proposal for increasing GFCs. We understand that the proposal continues to evolve, so it is not appropriate to go into much detail at this time, but we want the City Council to know that we support the general proposal to increase GFCs.

The reasons for our support include:

1. It has been over 20 years since the city's GFCs have been adjusted. They have not even been adjusted for inflation, except on a temporary basis. That temporary adjustment for inflation ends in March 2024. It is time to make a more permanent adjustment in the GFCs.
2. If the GFCs are not adjusted, the burden of paying for growth-related infrastructure falls on residents and ratepayers who are already connected to the system. Growth-related infrastructure should be paid for by those who will benefit directly from that growth—the developers and the customers who will obtain the services made possible by the additional infrastructure.
3. Moreover, having new connections paid for by those who benefit directly from them is required by state law. (RCW 35.92.025: In general, each connection shall bear a proportionate share of the cost of the system capacity required to serve it.)
4. One of the greatest needs in the Spokane community is additional and affordable housing. As was pointed out in Feist's presentation to us, the City's ability to keep pace with needed housing will depend on the City's ability to pay for the needed capacity improvements.
5. Increased GFCs will provide a funding foundation for incentivizing more sustainable housing, like ADUs .
6. Increased GFCs will provide a funding foundation for incentivizing more affordable housing.
7. Updating the GFCs will assist in meeting the City's goal of improving water conservation practices.
8. Reducing pipe sizes will also contribute to water conservation.
9. Building in an automatic increase of GFCs by using an index like the Engineering News Record Construction Cost Index (CCI) will assist in keeping our GFCs in line with rising costs.
10. The two zones approach will also assist in encouraging more dense development in areas closer to the city core, which is a more sustainable approach to development.

In sum, the proposal to increase GFCs, to adopt a two zones approach, and to utilize smaller diameter water pipes represents a positive step in improving the sustainability of city operations. As the Steering Committee of the Sustainability Action Subcommittee, we support such a step.

From: Scott Krajack <Scott@rynbuilt.com>

Sent: Monday, October 23, 2023 11:03 AM

To: Gardner, Spencer <sgardner@spokanecity.org>

Subject: Public comments for the Wednesday, October 25th 4pm Plan Commission public hearing on the GFC fees

[CAUTION - EXTERNAL EMAIL - Verify Sender]

Spencer,

Can you get my below comments to the Plan Commission for the public hearing on October 25th at 4pm? I won't be able to attend in person or online.

I am writing regarding the agenda item about the review of the increased GFC fees for city sewer and water on October 25th.

The goal of all residents of Spokane is to keep the small city feel that we have and love. If we plan for the growth, and do a good job of upgrading our infrastructure, we can all have what we want.

But when we fight the growth, and don't work together to improve our infrastructure while providing housing for residents in need, we all lose. We are all winning if we provide housing for our own city staff, emergency services, and the service industry. We are all winning if our children can afford to live here. We are all winning if we can provide housing that our retirees and elderly populations can afford. The small city feel that we all love, that Spokane has, is lost if you lose your most precious resource, your residents. Have we maintained our small city feel if the homeless population continues to grow because of unfair housing policies that drive up our housing costs so much the only people who can afford to live here are the wealthy?

There is no doubt that the increased GFC was implemented in a rushed manner due to the moratorium placed in the Latah Valley. Please consider these items which will allow our residents to continue to live here.

1. There should only be one fee district.
2. Interest expense should be eliminated from the fee calculation.
3. The fee should be based on an ERU system rather than meter size.
4. The sewer system recoverable costs should be reduced by the cost basis of the portion of the system sold to Spokane County.

Thanks for your time and listening.

Scott Krajack
RYN Built Homes



Scott Krajack
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