

KITSAP COUNTY WASTEWATER FUNDING OPTIONS

Similar to transportation funding, Kitsap County faces a challenge over the next 20-years in the funding of major wastewater collection systems within its urban growth areas (UGAs). Existing funding mechanisms for wastewater improvements are limited, but many opportunities are available or can be made available. The table below summarizes a number of these existing opportunities and includes a description, maximum possible funding, requirements for voter approval, whether they are currently utilized and any specific issues with their usage. Implementation of these strategies could raise additional revenue; while others would affect the land use and zoning designations.

Funding Option	Description	Maximum Funding (over 20 years)*	Voter Approval Required?	Currently Utilized?	Usage Issues
REALLOCATION OF EXISTING REVENUES					
General Fund	Move funding from other departments to fund wastewater projects.	Unknown	No	No	Requires significant cuts in other departments and programs and level-of service.
Wastewater Improvement Fund	Move funding within the Capital Facilities Plan (CFP) to fund specific projects.	\$5.4M*	No	Yes	Funds are collected from Newcomer's Assessments to expand treatment capacity for new users.
Wastewater Construction Fund	Move funding within the CFP to fund specific projects.	\$15.3M*	No	Yes	Funds are collected from operating transfers, Improvement Funds, loan proceeds, and a portion of other sewer service revenues.

Funding Option	Description	Maximum Funding (over 20 years)*	Voter Approval Required?	Currently Utilized?	Usage Issues
Real Estate Excise Tax (REET)	Dedicate some portion of future funding from this revenue stream to WW projects.	\$8.7M - \$15.4M	No	No	REET funding is currently used for a wide number of facility projects. The low end of the range is based upon Board of County Commissioner policy of maintaining a surplus equal to the previous years bonding obligations. The high end of the range would require that policy to be discontinued.
Utility Local Improvement District (ULID)	The maximum amount of an ULID is unlimited with funding coming from voter-approved assessments on properties within specified district.	Dependent on specific capacity project costs	Yes	Yes	Require 51% vote from property owners within specified district.
Federal Grants/Loans	Grant funding from the federal government. Programs include: <ul style="list-style-type: none"> • USDA Water & Waste Disposal Grant • USEDA Public Works Construction Grant • HUD Brownfields Economic Development Initiative (BEDI) 	Average community grant eligibility is roughly \$600,000 per project, with limit typically \$1M per project	No	No	These are competitive and decision-criteria often require declared environmental hazard and/or depressed economic conditions.

Funding Option	Description	Maximum Funding (over 20 years)*	Voter Approval Required?	Currently Utilized?	Usage Issues
State Grants/Loans	Grant funding from Washington State. Programs include: <ul style="list-style-type: none"> • Centennial Clean Water Fund (CCWF) • Public Works Trust Fund • Clean Water Revolving Fund (SRF) 	<u>CCWF</u> – Limit \$5M per project, 0-100% Grant. <u>SRF</u> – Loan limit 50% of Fund to any one Applicant. FY2008 program is \$45.2M.	No	Yes	Many are competitive with many jurisdictions seeking the same funding. Grants are comparatively small, and programs are primarily low interest rate loans. Greater Hardship results in lower interest rate or lower matching funds requirement.
OTHER MECHANISMS					
Increase Connection Fees	Required for connection to county-owned treatment facility. Charges are based upon Equivalent Residential Units (ERUs). Residential households are equivalent to one ERU.	<u>Current Fees-</u> CK \$2,840 Kingston \$7,187 Manch. \$3,848 Suq. \$4,506	No	No	Revenue from connection fees are typically utilized for providing additional treatment capacity.
Land Use Measures – Reduce Urban Growth Area (UGA) Size and Increase Densities	UGAs could be contracted to reduce and increase densities to meet required capacity improvements.	Dependant on land use model	No	No	Requires amendment to countywide Comprehensive Plan and environmental impact statement.
City Annexations/Incorporation	Many of the proposed UGA boundaries are expected to be annexed during the 20-year planning period. As these wastewater systems leave County jurisdiction, the responsibility for their funding moves to the respective city.	Dependant on projected costs for UGA specific collection system	No	Yes	Requires property owner majority approval of annexation/ incorporation. Funding and implementation moves to another jurisdiction.

Funding Option	Description	Maximum Funding (over 20 years)*	Voter Approval Required?	Currently Utilized?	Usage Issues
Developer Extensions	Extension and improvements to the wastewater conveyance system would be borne upon developments.	Dependent on specific capacity project costs	No	Yes	Requires the ability and mechanisms to achieve higher-density in the UGAs.

* Funding are gross estimates in 2007 Dollars.