

**COUNCIL POLICY**

SUBJECT: REIMBURSEMENT FINANCING OF WATER AND SEWER FACILITIES  
IN UNDEVELOPED AREAS  
POLICY NO.: 400-07  
EFFECTIVE DATE: November 10, 1970

**BACKGROUND:**

Several different methods have been used from time to time for financing water and sewer facilities to serve undeveloped lands within the City. One method has required the City's water utility funds to be used for initial construction, with reimbursement by subsequent developers (the so-called Area Charge method). Another method has required the first developer in an area to construct the necessary water and sewer facilities for the entire area, oversizing as required to serve subsequently developed lands; the first developer may then be reimbursed by subsequent developers to the extent of the oversizing. Several combinations of these two examples have been used. For larger areas and for multipurpose projects the 1911 or 1913 Act Assessment District has been used. A Utility Improvement District concept is available for large special cases, under Ordinance O-10214, New Series.

**PURPOSE:**

It is in the City's interest to provide for an equitable formula whereby water and sewer facilities serving undeveloped lands may be paid for entirely by developers of such lands; and whereby the developer constructing oversized or off-site water and sewer facilities may be reimbursed by those subsequently benefitting from any portion of such facilities.

**POLICY:**

1. Application for a reimbursement agreement may be made by a developer who is required to construct at his expense an oversized or off-site water and/or sewer facility which can be utilized by subsequent developers.
2. Reimbursement agreements tendered under this Policy shall take into account the various factors involved in the development area, in accordance with appropriate Administrative Regulations promulgated by the City Manager.
3. The above-mentioned Administrative Regulations shall contain the following elements:
  - a. A definition of areas to be covered and their relationship to surrounding areas already developed and yet to be developed.
  - b. The relationship between area-wide facilities and facilities which are of direct service to individual lots.
  - c. The method by which the cost facilities shall be equitably spread between the applicant and subsequent developers.

**COUNCIL POLICY**

4. Reimbursement agreements shall be effective for a maximum of 20 years. After the end of this period, charges will continue to be collected but the funds so collected will be deposited in the appropriate Water Utilities Revenue Fund.
5. Reimbursement charges shall be increased by an interest charge as established and modified from time to time by the City Council.

HISTORY:

Adopted by Resolution R-201216 11/10/1970