

Frequently Asked Questions about Payback Agreements

What is a Payback Agreement?

A Payback Agreement is an agreement between a developer and the City of Auburn (Auburn) that may enable a project to recoup a portion of its public street and/or utility infrastructure costs from properties that benefit by connecting to, or being served by, the project infrastructure.

What improvements may be included in a Payback Agreement?

Water, sewer, or storm utilities may be included in a Utilities Payback Agreement. A separate agreement is used for each utility.

Some traffic improvements such as signals or roundabouts may be included in a Street Payback Agreement.

How long is the Payback Agreement in effect?

The Revised Code of Washington (RCW) 35.72.020 establishes a maximum term of 15 years for public street-related Payback Agreements. RCW 35.91.020 establishes a maximum term of 20 years for utility-related Payback Agreements.

There is no guarantee that the developer will recoup any costs during the term of the Payback Agreement.

Why is my property included?

The developer's infrastructure benefits your property by being able to provide service to your property. The state law listed above allows any property that benefits from the improvements to be included in the agreement.

When do I have to pay?

For utilities, you pay your share of the payback agreement when you apply for a permit to connect to the utility system. For public street-related improvements, you pay your share of the payback agreement when new development takes place on your property for a use that adds more vehicle trips, as estimated by using the latest edition of the "Trip Generation Manual" by the Institute of Transportation Engineers (ITE).

How do I pay?

The City administers the Payback Agreement as part of its permitting process. When a property secures a permit that is subject to the Payback Agreement, the City collects the payback fee from the property owner, then sends the fee to the developer.

Is this a lien on my property?

A Payback Agreement is a recorded notice on your property of the fees owing if your property connects to the infrastructure. Some entities may regard that as a lien, but it does not automatically mean that the fees must be paid before a property sale. The Payback Agreement will remain in effect on the property until the payback fee is paid or the Payback Agreement expires.

What happens when the Payback Agreement expires?

Once the Payback Agreement expires, the amount listed in the Payback Agreement would no longer be owing. Other City fees and connection charges in effect when a property connects would still be owing.

What is the process for approving a Payback Agreement?

The City provides a preliminary notice to the benefited property owners when a developer applies for a Payback Agreement. This preliminary notice includes an estimate of what each property will owe if they connect to the utilities, or when new development on each property benefits from street improvements.

Once the developer's project is complete and the final costs are known, the pro rata costs are distributed for each benefited property and the Payback Agreement is submitted to the City Council for their review. The benefited property owners are notified of the date for a public hearing, and the owners may address any questions or concerns to the City Council at the public hearing. Following the public hearing, the City Council will consider whether to adopt, revise, or reject the Payback Agreement. If adopted, the Payback Agreement is recorded against each benefited property.

If my septic system fails, do I have to connect to sewer?

If your property is located more than 200 feet from the sewer line, you do not have to connect.

What type of development or redevelopment on my property would require me to pay the public street payback?

When new development takes place on your property for a use that adds more vehicle trips, as estimated by using the latest edition of the "Trip Generation Manual" by the Institute of Transportation Engineers (ITE), you would be required to pay the public street payback. The payback amount is determined on a per vehicle trip basis. The fee per trip is calculated from the cost of the improvement, divided by the highest possible number of trips for each benefitting property.

Example 1:

You subdivide your residential property into 5 single family lots.
The Trip Generation Manual estimates 10 daily vehicle trips per residence.
Each new lot would be charged for 10 vehicle trips at the time of building permit.
Your existing house would not be charged.

Example 2:

You develop a vacant lot with an industrial use.
If, based on the use and the building size, the Trip Generation Manual estimates 300 daily trips for the building, you would be charged for 300 new daily vehicle trips at the time of building permit.