



Transportation Impact Fees & System Development Charges

City of Tacoma | Public Works & Environmental Services

Study Session
October 28, 2025



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OVERVIEW



- ▲ Problem: We need a funding source to upgrade our Transportation, Wastewater, and Stormwater infrastructure to accommodate Home in Tacoma's anticipated impacts on growth and density.
- ⌘ Proposal: Introduce **transportation impact fees (TIFs)** and **system development charges (SDCs)** to help fund the growth of these systems.

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A One-Time Charge

A one-time charge for capital improvements

Proportional to Need

The amount charged is proportional to the person trips added to the transportation system (Sheetz v. County of Eldorado)

Gap in Funding

Addresses the gap in funding for infrastructure needed to accommodate growth

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BENEFITS OF TIFs



Provide predictability of mitigation costs



One financing tool that supports cost sharing



Growth pays for growth



Create transparency of development mitigation and capital improvements funded



Reduce permitting times resulting

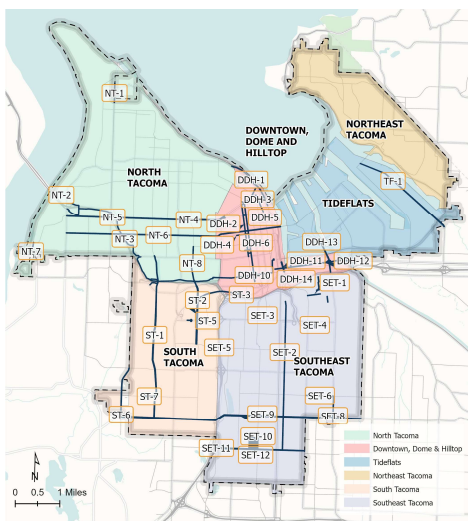


Common industry funding mechanism

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WHAT WILL TIFs FUND

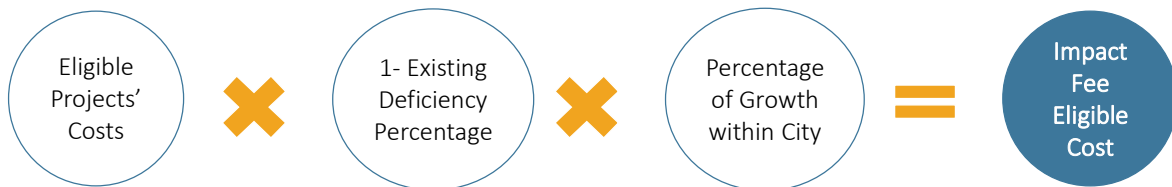


- Provide funding for 42 eligible Capital Transportation Projects in Capital Facilities Plan
- Support affordable housing through projects and fee reductions
- Prioritize ADA accessibility, connectivity, and access to transit projects
- Ensure fees are not significantly different by district
- Remain competitive across neighboring jurisdictions
- Consider fee stacking & development costs
- Support other sources of funding to meet transportation needs
- Implement One Tacoma Plan and Vision 2035

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HOW ARE TIFs CALCULATED



To ensure that impact fees have a strong nexus with development projects, eligibility calculations are performed for each district based on 10 years of expected growth.

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COMMUNITY PRIORITIES

REDUCTIONS/EXEMPTIONS	PAYBACK REQUIRED
50% reduction for MFTE units proximate to high frequency transit (HB 1491)	No
Partial exemptions of up to 80% for qualifying* low-income housing & early learning facilities	No
50% reduction for ADU based on principal unit	No
Full exemption for development that doesn't generate new trips	No

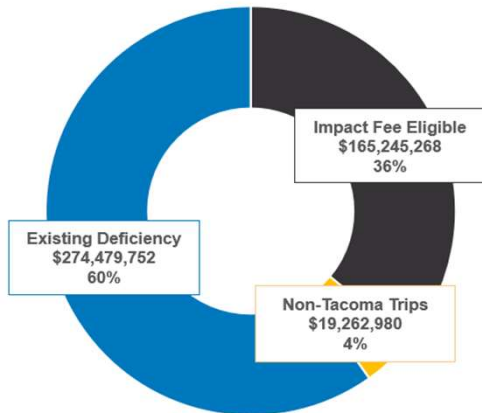
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*As defined in RCW 82.02.060(2)

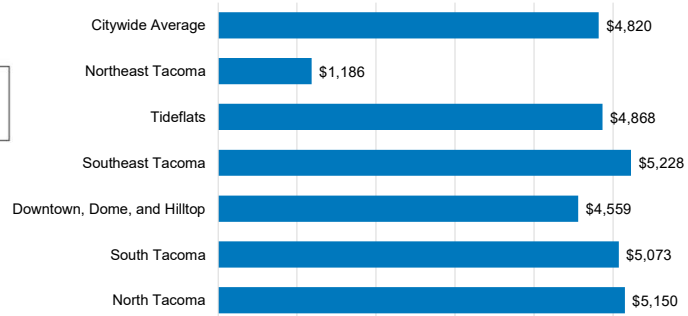
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TIF FEE RATES

ALLOCATION OF \$459M CAPITAL COSTS

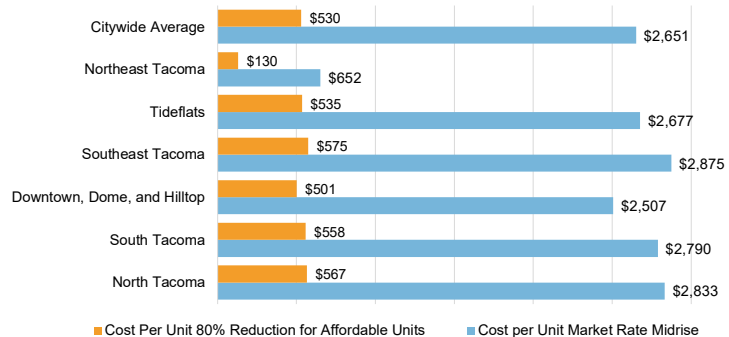


DISTRICT PER TRIP FEE RATES



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TIF FEE RATES - MULTIFAMILY



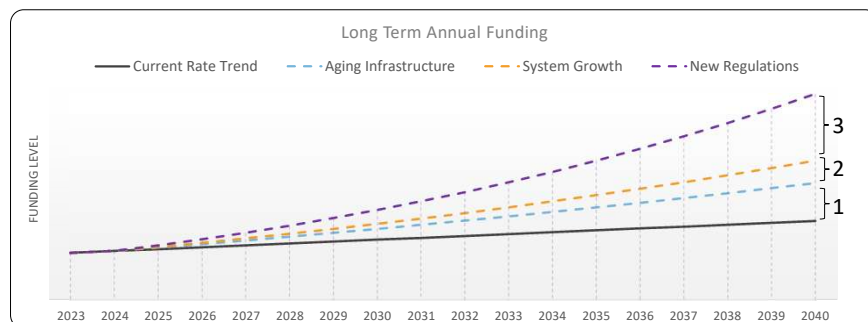
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ES ASSET FUNDING RISKS

- Gap 1: Funding to maintain the status quo
- Gap 2: Funding for increased capacity to accommodate growth
- Gap 3: Funding for future regulatory requirements



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2022 WW COMMUNITY SURVEY



Community consensus: developers should cover the costs of expanding sewer infrastructure.

As Tacoma grows and additional sewer infrastructure is needed, who do you think should pay for the new sewer capacity costs? Select all that apply.

EMBOLDresearch



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WASTEWATER PROJECTIONS



Growth forecast shows cascading impacts on CTP

- New secondary clarifiers
- Grit system upgrade
- Larger solids process, move to TAGRO location
- TAGRO relocation

Target Date: 2040

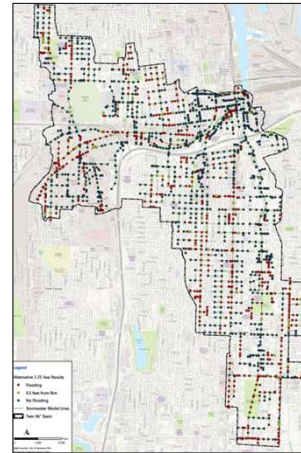


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STORMWATER PROJECTIONS

☛ HIT high-growth scenario simulation shows **664** manholes flooded during a major storm event



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WHAT IS AN SDC



A One-Time Charge

A one-time charge for receiving a new or upsized wastewater, stormwater, or water connection

“Capacity Charge” or
“General Facilities Charge”



Proportional to Need

The amount charged is proportional to the added capacity the new development requires

Growth Pays for Growth



To Recover Cost


Recovers the cost of system upgrades to sustain added connections and higher capacity

Insulates Ratepayers from
Cost of Growth


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Benefits of SDCs




Applicable for Redevelopment and Change in Use




Funding Source Outside of Existing Ratepayers




Growth Pays for Growth



Recover a Fair Share of Infrastructure Investment



Common Industry Funding Mechanism



Responsive to the Rate Of Growth

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HOW ARE SDCs CALCULATED?

System Development Charge

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System Cost

System Capacity

- Original cost of existing assets
- Future assets in adopted Comprehensive Plan

- Wastewater: Permitted capacity for Central and North End Treatment Plants
- Stormwater: Impervious feet² at build-out

Wastewater

\$

Gallons Per Day

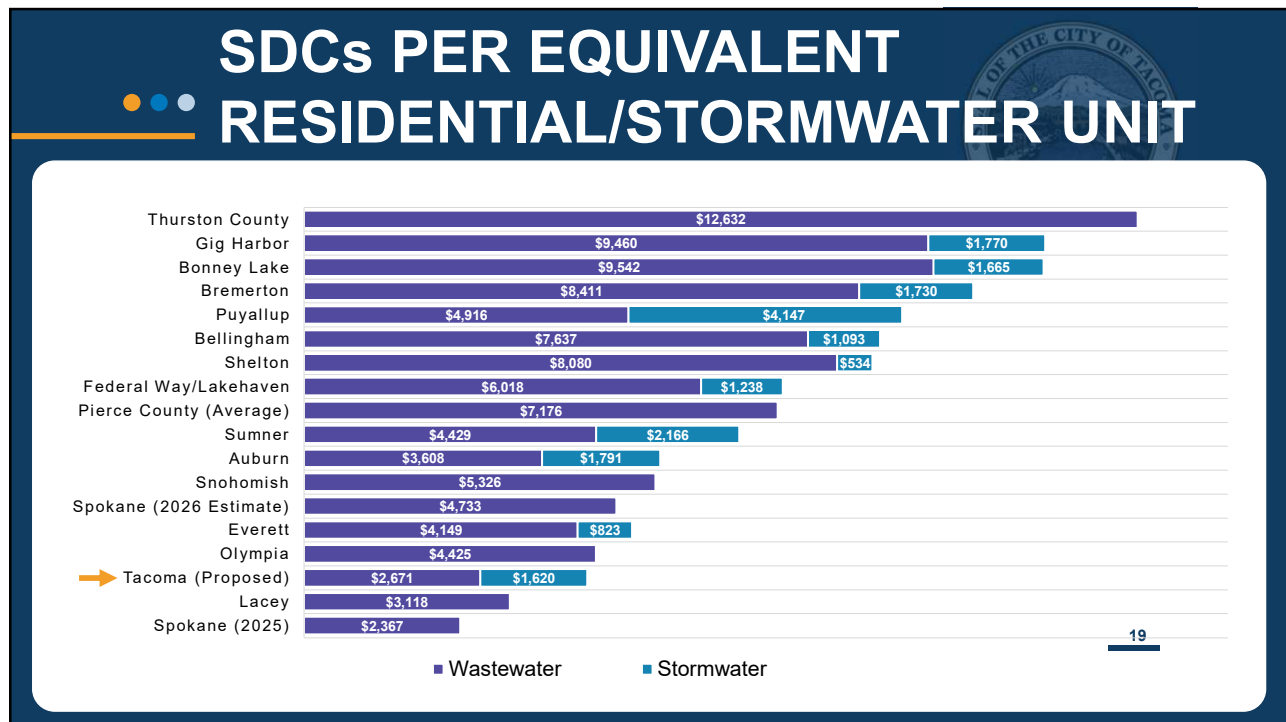
Stormwater

\$

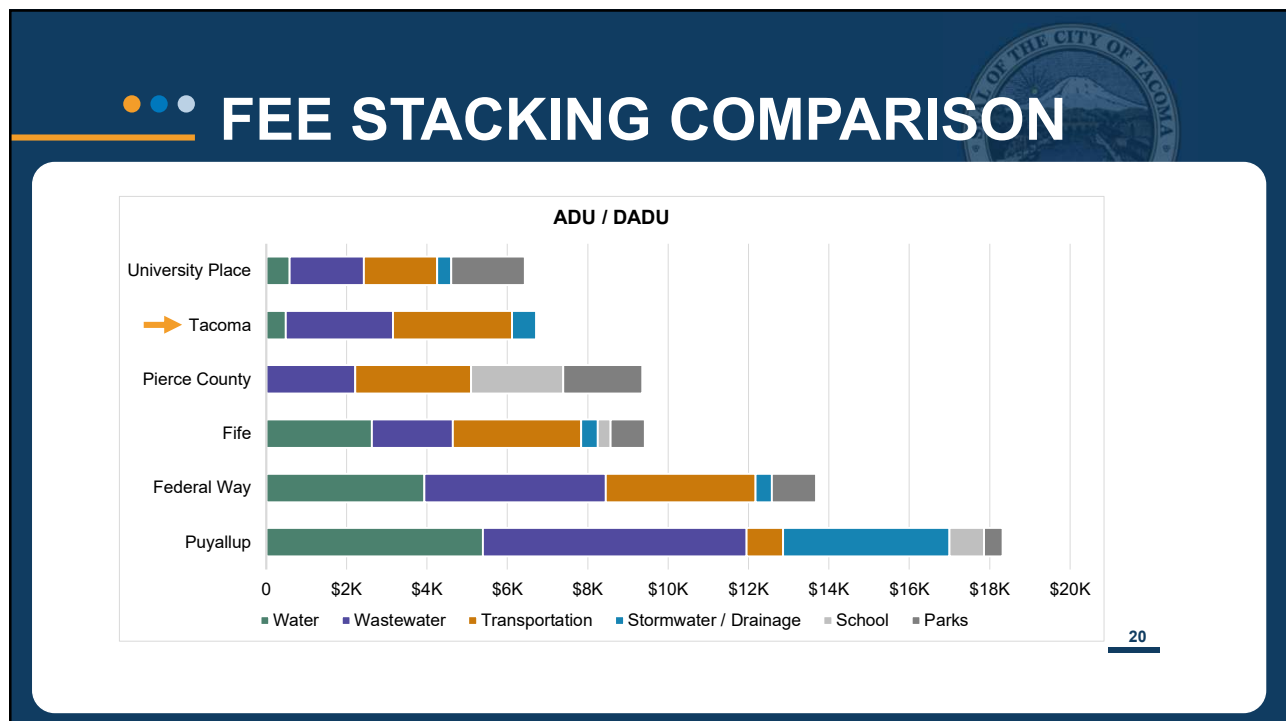
Impervious Feet²

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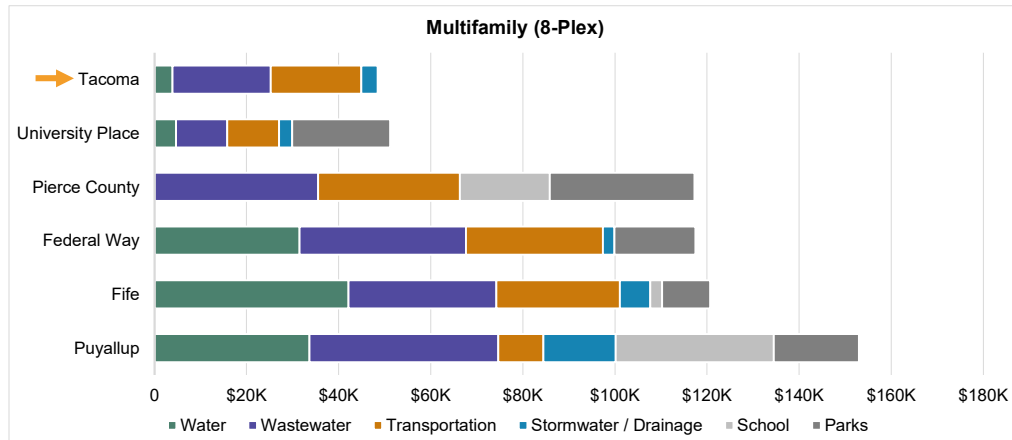


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FEE STACKING COMPARISON



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NEXT STEPS

Date	Step
August - November 2025	Stakeholder Outreach
December 2, 2025	First Reading
December 9, 2025	Second Reading
Quarter 2, 2026	Ordinance Effective Date (If Adopted)

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Committee of the Whole
October 28, 2025

