



System Development Charges

Environmental Services
Infrastructure, Planning, and Sustainability Committee
27 August 2025

1

Overview

Informational Briefing

 **Problem:** Wastewater and Stormwater utility rates fund upkeep of existing systems. They do not fund new infrastructure to support population growth or Home in Tacoma's impacts on density.

 **Proposal:** Consider introducing system development charges (SDCs), a mechanism for new development to help fund system growth.

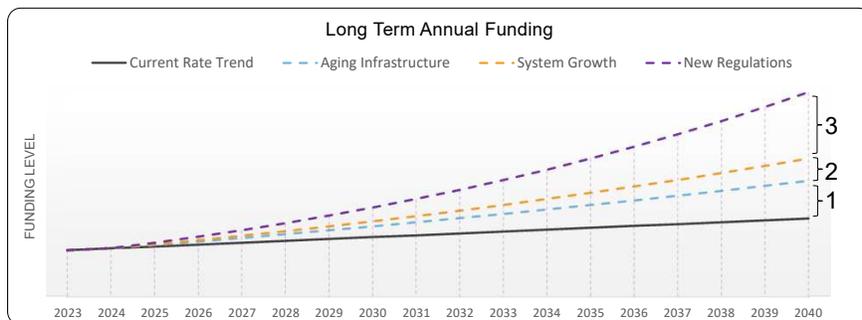
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Projected Asset Funding Risks

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



3



3

What is a System Development Charge?



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

4



4

Benefits of System Development Charges



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



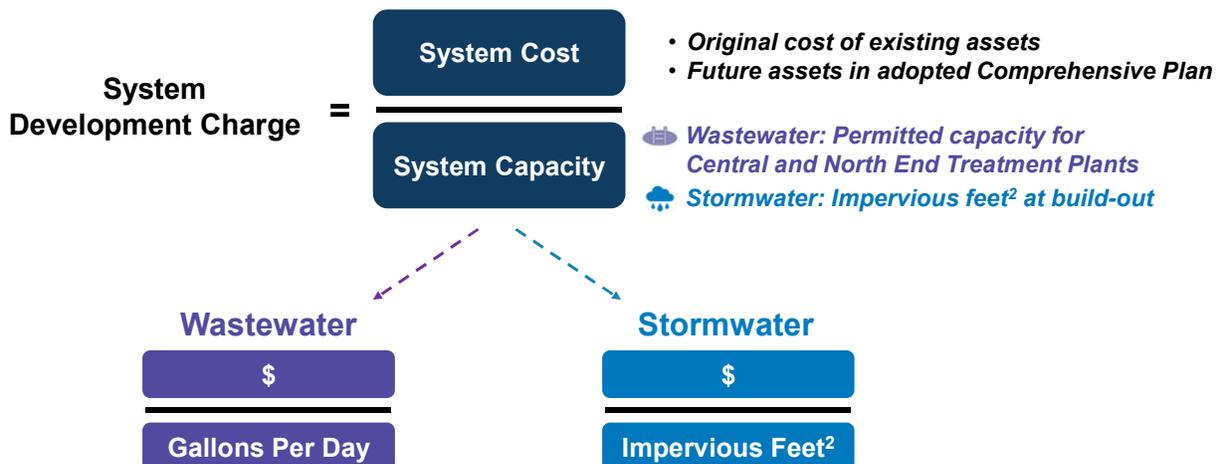
Responsive to the Rate Of Growth

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How Charges are Calculated



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SDCs Per Equivalent Residential / Stormwater Unit



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Proposed Costs

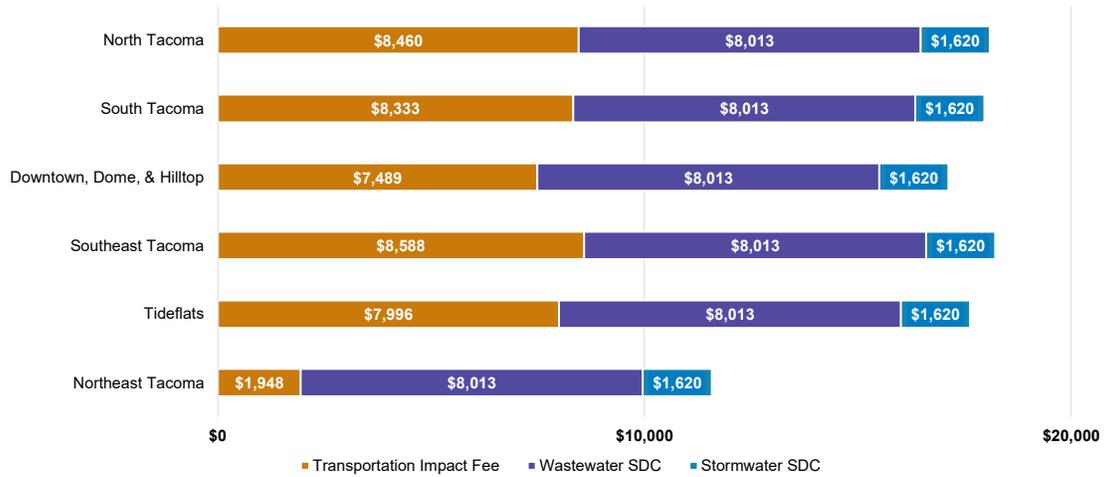
				
		New DADU	4-Plex Redevelopment	8-Plex Redevelopment
 Wastewater	Capacity Added	One 5/8" meter	Three 5/8" meters	Seven 5/8" meters
	Cost per Meter	\$2,671	\$2,671	\$2,671
	Total Cost	\$2,671	\$8,013	\$18,697
 Stormwater	Capacity Added	1,000 impervious ft ²	3,000 impervious ft ²	5,000 impervious ft ²
	Cost per ft ²	\$0.54	\$0.54	\$0.54
	Total Cost	\$540	\$1,620	\$2,700
Combined	Total Cost	\$3,211	\$9,633	\$21,397

8



8

TIF & SDC Stacking | 4-Plex Redevelopment



9

9

Next Steps

Date	Step
August - September 2025	Stakeholder Outreach
August 27, 2025	Council Committee Review
September - October 2025	City Council Review and Adoption
Quarter 1-2 2026	Ordinance Effective Date

10

10



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