



System Development Charge Update

City of Tacoma | Tacoma Public Utilities | Tacoma Water

Government Performance Finance Committee
November 4, 2025



1

Overview & Background



Overview

Tacoma Water

- Request approval by City Council
- Proposed amendments to Tacoma Municipal Code Title 12 (Utilities)
- Revise System Development Charge (SDC)
 - Water Section 12.10.310

Background

System Development Charge (SDC) is a one-time charge

- Imposed on the sale of water service as a condition of receiving or upsizing a new water connection
- Authorized by RCW 35.92.025 and were adopted by Tacoma Water in 1997
- Fund critical infrastructure to support growth of housing and commercial development

2

2

●●● Tacoma Water Charges



SDC Study

- Last updated in 2019, effective 2020
- 2025 comprehensive reassessment to reflect new capital investments
- Updated the methodology and charges to ensure alignment with current and projected needs through 2030
- Recover an equitable portion of future and past capital infrastructure costs
- Customers pay fair share of system capacity to accommodate growth over time

Results

- Water made significant new capital investments allocable to the SDC calculation
- Advanced Metering provides new consumption data insights
- Average-cost methodology applied
- Updated SDC spreads the cost of growth-related improvements over total system capacity

3

3

●●● Methodology



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    graph LR
      subgraph Components
        S1[Supply & Treatment]
        S2[Transmission]
        S3[Storage]
        S4[Pumping]
        S5[General]
        S6[Distribution]
        S7[Meters & Services]
        S8[Hydrants]
      end

      S1 --> A1["% Allocable to Average-Day Use"]
      S2 --> A1
      S3 --> A1
      S4 --> A1
      S5 --> A1

      S3 --> A2["% Allocable to Peak Day Use"]
      S4 --> A2
      S5 --> A2

      S4 --> A3["% Allocable to Fire Suppression"]
      S5 --> A3

      S6 --> E["Excluded from SDC Model"]
      S7 --> E
      S8 --> E

      A1 --> SY[System Firm Yield]
      A2 --> SC[System Capacity]
      A3 --> FSC[Fire Suppression Capacity]

      SY --> C1["$8.85 per gallon of Average Day Demand"]
      SC --> C2["$5.25 per gallon of incremental Peak Day"]
      FSC --> C3["$125.66 per Fire Suppression Unit"]
  
```

4

4

SDC Study Results



Accurate multi-family scaling factor made possible by AM data & accessibility of SAP data over the past several years.

Meter Size	Residential*	Commercial	Irrigation
5/8"	\$2,785	\$4,146	\$7,288
3/4"	\$4,114	\$5,725	\$10,932
1"	\$6,773	\$8,885	\$18,221
1 1/2"	\$13,420	\$16,784	\$36,441
2"	\$21,397	\$26,263	\$58,306
3" or Greater	Based on Consumption		

Consumption	Per GPD
Average Day	\$8.85
Peak Day	\$5.25

*Multi-Family SDC equal to Number of Dwelling Units multiplied by 44% of 5/8" Residential Meter SDC regardless of actual meter size

Fee Schedule



- Phase into SDC study results over 5 years beginning February 1, 2026
- Reevaluate SDC inputs and methodology in 2030

Meter Size	Residential					
	1/1/2020	2/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030
5/8"	\$ 809	\$ 1,204	\$ 1,599	\$ 1,995	\$ 2,390	\$ 2,785
3/4"	\$ 1,213	\$ 1,793	\$ 2,373	\$ 2,954	\$ 3,534	\$ 4,114
1"	\$ 2,022	\$ 2,972	\$ 3,922	\$ 4,873	\$ 5,823	\$ 6,773
1 1/2"	\$ 4,043	\$ 5,918	\$ 7,794	\$ 9,669	\$ 11,545	\$ 13,420
2"	\$ 6,469	\$ 9,455	\$ 12,440	\$ 15,426	\$ 18,411	\$ 21,397

Meter Size	Commercial					
	1/1/2020	2/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030
5/8"	\$ 1,061	\$ 1,678	\$ 2,295	\$ 2,912	\$ 3,529	\$ 4,146
3/4"	\$ 1,592	\$ 2,419	\$ 3,245	\$ 4,072	\$ 4,898	\$ 5,725
1"	\$ 2,653	\$ 3,899	\$ 5,146	\$ 6,392	\$ 7,639	\$ 8,885
1 1/2"	\$ 5,306	\$ 7,602	\$ 9,897	\$ 12,193	\$ 14,488	\$ 16,784
2"	\$ 8,489	\$ 12,044	\$ 15,599	\$ 19,153	\$ 22,708	\$ 26,263

Meter Size	Irrigation					
	1/1/2020	2/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030
5/8"	\$ 1,061	\$ 2,306	\$ 3,552	\$ 4,797	\$ 6,043	\$ 7,288
3/4"	\$ 1,592	\$ 3,460	\$ 5,328	\$ 7,196	\$ 9,064	\$ 10,932
1"	\$ 2,653	\$ 5,767	\$ 8,880	\$ 11,994	\$ 15,107	\$ 18,221
1 1/2"	\$ 5,306	\$ 11,533	\$ 17,760	\$ 23,987	\$ 30,214	\$ 36,441
2"	\$ 8,489	\$ 18,452	\$ 28,416	\$ 38,379	\$ 48,343	\$ 58,306

Consumption	1/1/2020	2/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030
Average Day	\$ 2.09	\$ 3.44	\$ 4.79	\$ 6.15	\$ 7.50	\$ 8.85
Peak Day	\$ 2.09	\$ 2.72	\$ 3.35	\$ 3.99	\$ 4.62	\$ 5.25

Peer Utilities



Comparison of Residential Water SDC per Equivalent Unit (ERU)



7

Recommendation



Recommendation

Tacoma Water requests that GPFC move to City Council for approval proposed amendments to Tacoma Municipal Code (TMC) Chapter 12.10.310 to revise the water SDC for each new water service connection, effective February 1, 2026.

8



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Appendix



●●● SDC Revenue and Use of Funds

Revenue Summary

- Total SDC revenue for the five-year period was \$12.2 million
- Average Annual SDC Revenue from 2020-2024 was \$2.4 million
- \$34.5 million spent on capital projects since 2020
- Fund balance decreased from \$73.3 million to \$57.5 million from 2020-2024 (reduction of \$15.8 million)

Highlights

- \$12 million spent on Pinnacle Ridge Tank & Pump Station (WTR-00625)
- \$5.4 million spent on Service Upgrades & Renewals (WTR-00693)
- \$4.1 million on main upgrades (WTR-00604)

11

11

●●● SDC Example (Residential)

Cost Component	Cost per Unit	Number of Units	Scaling Factor	SDC Component
Average-Day Capacity	\$8.85	178 gpd of average day demand	1.00 (5/8" meter)	\$1,575.30
Peak-Day Capacity	\$5.25	(384 – 178) = 206 gpd of incremental peak	1.00 (5/8" meter)	\$1,081.50
Fire Suppression (Pumping)	\$12.24	1 meter	1.00 (Flow requirement)	\$12.24
Fire Suppression (Storage)	\$113.42	1 meter	1.00 (Storage requirement)	\$113.42
Total SDC*				\$2,782.46

**For visual simplicity, this example rounds all unit costs before calculating the total SDC. The model maintains all decimal positions until the final figure is rounded to the nearest dollar.*

12

12

●●● SDC Example (Commercial)



Cost Component	Cost per Unit	Number of Units	Scaling Factor	SDC Component
Average-Day Capacity	\$8.85	279 gpd of average day demand	1.50 (3/4" meter)	\$3,703.73
Peak-Day Capacity	\$5.25	(411 – 279) = 132 gpd of incremental peak	1.50 (3/4" meter)	\$1,039.50
Fire Suppression (Pumping)	\$12.24	1 meter	3.33 (Flow requirement)	\$40.76
Fire Suppression (Storage)	\$113.42	1 meter	8.33 (Storage requirement)	\$944.79
Total SDC*				\$5,728.78

**For visual simplicity, this example rounds all unit costs before calculating the total SDC. The model maintains all decimal positions until the final figure is rounded to the nearest dollar.*

13

13

●●● Meter Equivalents



Meter Size	Meter Equivalents*
5/8"	1.00
3/4"	1.50
1"	2.50
1 1/2"	5.00
2"	8.00

	Residential	Multi-Family	Commercial	Irrigation
Fire Flow Requirement	1,500 gpm	3,500 gpm	5,000 gpm	0 gpm
Flow Factor	1.00	2.33	3.33	0.00
Required Duration	2 hours	4 hours	5 hours	0 hours
Storage Requirement	180,000 gal	840,000 gal	1,500,000 gal	0 gal
Storage Factor	1.00	4.67	8.33	0.00

**Based on maximum safe operating flow according to the American Water Works Association*

14

14