



Water, Wastewater, and Stormwater System Development Charges

City of Tacoma | Environmental Services & Water

Study Session
February 10, 2026
ITEM #3



SDC PROPOSAL REVIEW



- Water, wastewater & stormwater systems need capacity upgrades as Tacoma grows and densifies
- Adopt and adjust System Development Charges (SDCs) to meet this need
 - One-time charge for new and upsized connections



Recovers a Fair Share of Utility System Cost



Funds Capital Projects & System Expansion



Revenue Scales with the Rate Of Growth



Insulates Ratepayers from the Cost of Growth



Common Industry Funding Mechanism



Growth Pays for Growth



CAPITAL FUNDING GAPS



City is changing (Home in Tacoma)

- Capacity issues from densification

Equity and Affordability

- Customer base has lower ability to pay

End of lifecycle for major sewer system components

- Significant capital investment needed

Department of Ecology General Nutrient Permit

- City engaged in several lawsuits; outcome and impacts not yet known



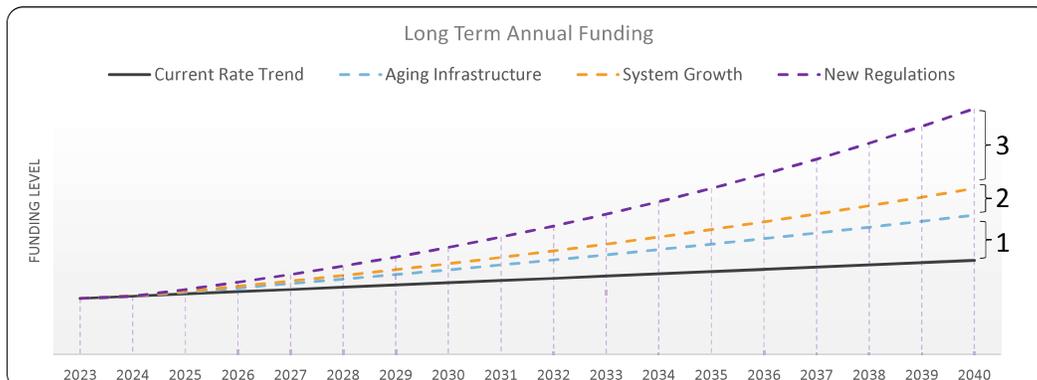
ES CAPITAL FUNDING GAPS



1. Funding to maintain existing systems

2. Funding to increase system capacity

3. Funding to meet future regulations



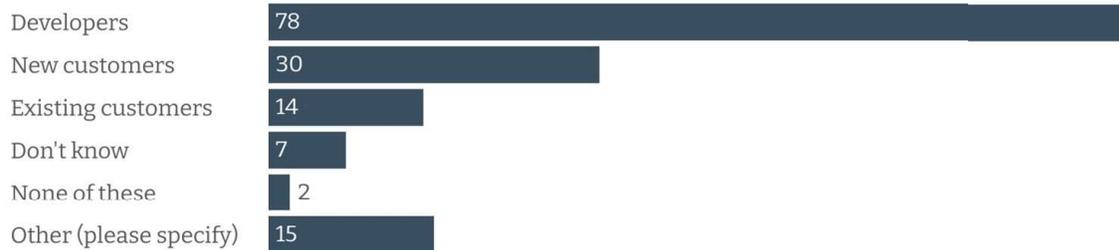
2022 WW COMMUNITY SURVEY



Community consensus: growth should pay for growth.

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.

EMBOLD research



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WASTEWATER PROJECTIONS



Capacity needs have cascading impacts on CTP

- Solids capacity upgrades
- New secondary clarifiers
- Grit system upgrade
- TAGRO relocation

Target Date for Phase 1: 2040



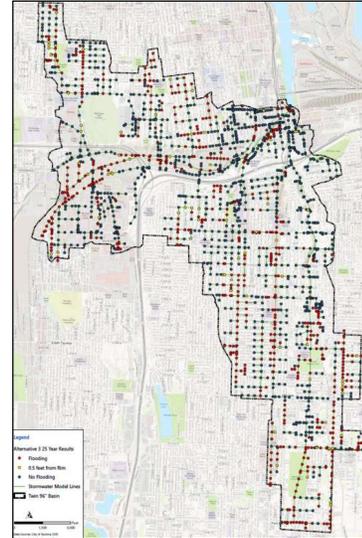
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STORMWATER PROJECTIONS



HIT high-growth scenario simulations show **664** manholes flooded during a major storm



WATER PROJECTIONS



Integrated Resource Plan (IRP) projects the need for *additional sources* out into the future



Expanded Groundwater



Eagle Lake



Additional Storage Facilities



Additional Water Storage
Project Phase 2



OASIS Project



WATER CAPITAL NEEDS

System-Wide Requirements

- Pipeline 1 Pressurization
- PFAS Treatment
- Tacoma Water Operations Warehouse Expansion
- Wellfield Development
- Backbone infrastructure replacement and expansion

Region-Specific Requirements

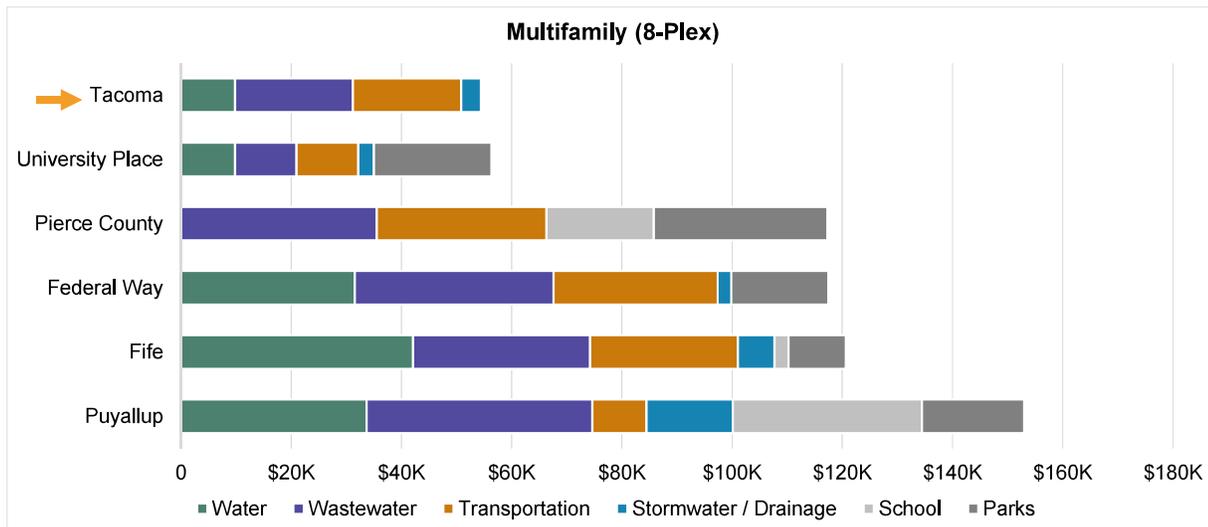
- Cascadia Reservoir and Pump Station
- Second reservoir at Prairie Ridge location



These projects have an estimated cost of **\$225 M**



FEE STACKING COMPARISON



*Uses Tacoma Water's final 2030 multifamily SDC rate after 5-year phase-in



EXEMPTIONS



- RCW 35.92.385 authorizes affordable housing waivers. However –
 - *Connection charges waived under this chapter shall be funded using general funds, grant dollars, or other identified revenue stream*
- Utility rate funds cannot offset waivers, and general fund dollars are extremely limited
- Proposal: Leverage grants to fund SDC waivers

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EXEMPTIONS



- Commerce CHIP grants
 - Pays infrastructure connection costs for affordable housing, including SDCs
 - CED's affordable housing program has successfully applied for multiple CHIP grants
 - Must adopt, or plan to adopt, SDC waivers by ordinance for SDCs to be eligible for reimbursement
- Waivers require code updates, coordination with ES, Water, CED, Permitting, Legal, and Council
- Proposal: Develop SDC waiver ordinance in 2026 after passage of SDCs

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NEXT STEPS



	Date	Step
<input checked="" type="checkbox"/>	August - December 2025	Stakeholder Outreach
<input checked="" type="checkbox"/>	December 2, 2025	First Reading
	February 10, 2026	Study Session
	February 24, 2026	Second Reading ES & Water
	Quarter 1-2, 2026	Additional Outreach & Education ES
	July 1, 2026	Ordinance Effective Date (If Adopted)



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