



ORDINANCE NO. 29085

1 AN ORDINANCE amending Chapter 12.08D of the Tacoma Municipal
2 Code, relating to Stormwater Management, by adding a new
3 Section 12.08D.280, entitled "System Development Charges", to
4 establish stormwater system development charges,
5 effective July 1, 2026.

6 WHEREAS the Environmental Services Department is requesting City
7 Council approval of an ordinance amending rates and fees in Chapter 12.08D of
8 the Tacoma Municipal Code ("TMC"), Stormwater Management, to adopt
9 stormwater system development charges, and

10 WHEREAS anticipating increased housing density and accelerated
11 population growth following the passage of Home in Tacoma, Environmental
12 Services ("ES") must develop an additional funding source for capital projects that
13 will expand the wastewater and stormwater systems' capacities, and

14 WHEREAS a system development charge ("SDC") is a one-time charge
15 imposed as a condition of receiving a new connection or upsizing an existing
16 connection to a wastewater, stormwater, or water utility, and

17 WHEREAS SDCs recoup a fair share of the overall cost of the utility system
18 in proportion to the increase in capacity required by the new development, as
19 determined by the amount of added impervious surface area, and

20 WHEREAS SDC revenues must be spent by the utility that collected them
21 on capital projects or debt service, and

22 WHEREAS SDCs are authorized by RCW 35.92.025 and would need to be
23 adopted by the City Council to go into effect, and
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WHEREAS currently, the City of Tacoma only assesses capacity-based system development charges for Tacoma Water, which was adopted in 1997 (TMC 12.10.310), and

WHEREAS Tacoma's stormwater and wastewater utilities do not currently assess capacity-based system development charges, and

WHEREAS most jurisdictions in the Puget Sound region assess wastewater and/or stormwater SDCs, including Gig Harbor, Puyallup, Sumner, Federal Way, Pierce County, Everett, and Bellingham, and ES' proposed SDCs are generally lower than those of other area jurisdictions, and

WHEREAS SDC revenue would ebb and flow with the pace of development, and preliminary estimates range from \$2 million annually in Home in Tacoma's low-growth scenario, to \$8 million in the high-growth scenario for stormwater and wastewater combined, and

WHEREAS the proposed SDC program will operate in parallel with the stormwater Payment In-Lieu-Of Construction program established in TMC 12.08D.260, which allows a developer to connect to and pay for certain capacity in a specific regional stormwater facility, if available, instead of constructing required private stormwater infrastructure on the private property, and

WHEREAS regional facilities for which In-Lieu-Of Construction fees are collected are deducted from the SDC cost basis, and any new or upsized connections under the proposed SDC program will be paying a charge for different purposes and infrastructure, resulting in certain properties being subject to both charges, and



1 WHEREAS developers, purchasers of new developments, and renters
2 within new developments will be impacted by increased costs to develop in
3 Tacoma, and
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5 WHEREAS the Environmental Services Director will evaluate options for
6 exemptions and/or reductions from the SDCs, where appropriate, and make
7 recommendations to the City Council for future consideration and approval, and
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9 WHEREAS this legislation will address a capital funding gap that would
10 otherwise need to be addressed through incremental rate increases to all
11 stormwater ratepayers, and it will also recover system capacity charges through
12 development rather than through all ratepayer classes by creating a non-ratepayer
13 revenue source for capital capacity upgrade projects, and
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15 WHEREAS community surveys have shown that affordability of utility rates
16 is a key consideration for residents across the demographic spectrum, and
17 particularly for lower-income residents, and
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19 WHEREAS revenue generated by SDCs will help ensure that Environmental
20 Services can complete additional capital projects required to accommodate growth
21 and densification, ensuring the stormwater system remains in a state of good
22 repair as the city grows; Now, Therefore,

23 BE IT ORDAINED BY THE CITY OF TACOMA:

24 Section 1. That the City Council hereby adopts the Recitals of this
25 Ordinance as its formal legislative findings.
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Section 2. That Chapter 12.08D of the Tacoma Municipal Code, relating to Stormwater Management, is hereby amended by adding a new Section 12.08D.280, entitled "System Development Charges", to establish stormwater system development charges, effective July 1, 2026, as set forth in Exhibit "A."

Section 3. That the City Clerk, in consultation with the City Attorney, is authorized to make necessary corrections to this ordinance and Exhibit "A", including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers, and any references thereto.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney



EXHIBIT "A"

SUBCHAPTER 12.08D STORMWATER MANAGEMENT

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RATES AND FEES

12.08D.200	Regular review of stormwater rates and fees.
12.08D.205	Establishment of stormwater utility.
12.08D.210	Stormwater rates and fees.
12.08D.220	Billing for stormwater rates and fees— frequency, payments, and collections.
12.08D.230	Reconsideration of stormwater rates.
12.08D.240	Exclusions of certain properties from stormwater rates and fees.
12.08D.250	Low impact development stormwater rate reduction.
12.08D.260	Payment In-Lieu-Of Construction Program.
12.08D.270	Organized drainage or drainage improvement districts.
<u>12.08D.280</u>	<u>System Development Charges</u>

* * *

12.08D.280 System Development Charges

A. A system development charge ("SDC") shall be imposed for site modifications that result in a net increase of the square footage of impervious surface on a parcel as a condition of permit issuance. The SDC fee is based on an equitable share of the cost of the entire existing stormwater system, less the cost of those components funded by grants, local improvement districts, payments in-lieu-of-construction, and other contributions in aid of construction. This fee is established pursuant to RCW 35.92.025, the City Charter, and this chapter.

SDCs are considered contributions for or in aid to construction, and shall be accounted for accordingly. The charges shall be subject to all applicable taxes, including taxes incurred by the Control Authority.

B. Effective July 1, 2026, the SDC shall be calculated by multiplying the net increased square footage of impervious surface by a unit charge of \$0.53 per square foot.

C. SDC Payment:

1. SDCs for less than one acre (43,560 square feet) of net increased impervious surface are payable in full at the time the SDC is assessed. The Director or designee is authorized to enter into payment agreements for SDCs for one acre or more of net increased impervious surface, for up to ten years, as follows:

2. When a down payment of 20 percent or more is initially paid, the Control Authority will accept annual payments, with interest, on the unpaid balance calculated using the then current prime rate of interest less 2 percent.

3. When a down payment of at least 10 percent, but less than 20 percent, is initially paid, the Control Authority will accept annual payments, with interest, on the unpaid balance calculated using the then current prime rate of interest.

4. The payment agreements shall provide that this obligation constitutes a lien on the benefited premises for any nonpayment of the amounts due on the outstanding balance.

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