



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Keri Burchard-Juarez, Water Superintendent
MEETING DATE: December 10, 2025
DATE: November 25, 2025

GUIDING PRINCIPLE ALIGNMENT (select as many that apply):

Please indicate which of the Public Utility Board's Guiding Principle(s) is supported by this action.

- | | |
|--|---|
| ☐ GP1 – Diversity, Equity, Inclusion, Belonging | ☐ GP7 – Reliability & Resiliency |
| ☒ GP2 – Financial Sustainability | ☐ GP9 – Economic Development |
| ☒ GP3 – Rates | ☐ GP10 – Government Relations |
| ☐ GP4 – Stakeholder Engagement | ☐ GP12 – Employee Relations |
| ☐ GP5 – Environmental Sustainability | ☐ GP13 – Customer Service |
| ☐ GP6 – Innovation | ☐ GP14 – Resource Planning |

SUMMARY:

Tacoma Water requests approval by the Public Utility Board (PUB) to amend and revise Chapter 10 (Water Regulations and Rate) in Title 12 (Utilities) of the Tacoma Municipal Code (TMC) section 12.10.310.

The requested changes are scheduled to become effective on February 1, 2026, followed by annual increases every January 1 through 2030.

BACKGROUND:

Tacoma Water periodically requests approval from the PUB and Tacoma City Council to update the System Development Charges (SDCs) to ensure new development pays an equitable share of the cost of water system capacity. Under RCW 35.92.025, the utility is authorized to impose connection charges so property owners "bear their equitable share of the cost of the system," including an appropriate portion of both existing and future capacity investments. This statutory framework requires SDCs to be grounded in actual system costs and proportionate to the capacity required to serve new customers. As Tacoma Water continues to build, rehabilitate, and expand infrastructure, the underlying cost of system capacity changes, making regular fee updates necessary to maintain statutory compliance and cost-of-service equity.

Tacoma Water regularly evaluates capital plans over time in order to respond to growth projections, regulatory requirements, and asset conditions. Because SDCs may include a proportionate share of both existing facilities and planned improvements, updates ensure charges reflect the most current capital program and system capacity assumptions. Without periodic recalibration, SDCs can become outdated and shift a disproportionate share of growth-related costs onto existing ratepayers.

In preparation for this request, Tacoma Water presented to the PUB, the Tacoma City Council Government Performance and Finance Committee (GPFC), the Master Builders Association, the Tacoma Permit Advisory Group, and held a public hearing. Adoption of the proposed update by the PUB is scheduled for December 10, 2025. The first reading by the City Council is scheduled for January 2026.



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ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Choose an item.

N/A

IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW IT IS TO BE COVERED.

N/A

IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? Choose an item.

N/A

ATTACHMENTS:

- Request for Resolution
- Council Action Memorandum
- Proposed Ordinance Redlined
- Proposed Ordinance Clean

CONTACT:

Primary Contact: Andrew Zaremba, Principal Data Analyst

Supervisor's Name: Dana Larsen, Division Manager Water Customer and Financial Services

Presenter: Dana Larsen, Division Manager Water Customer and Financial Services