



ORDINANCE NO. 29084

1 AN ORDINANCE relating to Wastewater Management; amending
2 Chapter 12.08B of the Tacoma Municipal Code, relating to Use of
3 Sanitary Sewer, by adding a new Section 12.08B.225, entitled "System
4 Development Charges", and repealing Section 12.08B.230, entitled
5 "Connection Charge-in-Lieu-of-Assessment", to establish wastewater
6 system development charges, effective July 1, 2026.

7 WHEREAS the Environmental Services Department is requesting City
8 Council approval of an ordinance amending rates and fees in Chapter 12.08B of
9 the Tacoma Municipal Code ("TMC"), Use of Sanitary Sewer, to adopt wastewater
10 system development charges and repeal connection charges-in-lieu-of-
11 assessment, and

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

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

19 WHEREAS SDCs recoup a fair share of the overall cost of the utility system
20 in proportion to the increase in capacity required by the new development, as
21 determined by water meter size, and

22 WHEREAS SDC revenues must be spent by the utility that collected them
23 on capital projects or debt service, and
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1 WHEREAS SDCs are authorized by the Revised Code of Washington
2 35.92.025 and would need to be adopted by the City Council to go into effect, and

3 WHEREAS currently, the City of Tacoma only assesses capacity-based
4 system development charges for Tacoma Water, which was adopted in 1997
5 (TMC 12.10.310), and

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

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

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

16 WHEREAS the proposed SDC program would supersede ES' existing
17 wastewater Connection Charge-in-Lieu-of-Assessment program in TMC
18 12.08B.230, which established a frontage area-based wastewater connection
19 charge for parcels that have not yet been assessed a fee for the historic cost of the
20 localized portion of the adjacent and abutting wastewater system under a local
21 improvement district or for a sanitary sewer improvement to serve that property,
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1 WHEREAS because SDCs will assess charges based on an equitable
2 share of the historic cost of the entire wastewater system, including any of the
3 remaining localized wastewater infrastructure that remains unassessed under the
4 Connection Charge-in-Lieu-Assessment program, there is no longer a need to
5 assess a separate connection fee specific to the historic cost of the localized
6 wastewater infrastructure, and

8 WHEREAS the localized wastewater infrastructure that was previously paid
9 for through the Connection Charge-in-Lieu program was not included in the
10 calculation of the proposed SDCs, and

12 WHEREAS the SDC program's use of capacity increases and a system-
13 wide cost basis to assess fees will be simpler to administer than the Charge-in-
14 Lieu-of frontage area methodology as it provides a mechanism to assess fees for
15 capacity expanding projects as opposed to the Charge-in-Lieu-of program's sole
16 focus on new connections, and will generate revenue in better synchronization with
17 the pace of growth and the capacity needs of the overall system, and

19 WHEREAS it is ES' recommendation that the Charge-in-Lieu-of-
20 Assessment program be repealed, and

22 WHEREAS the Connection Charge-in-Lieu-of-Assessment section of the
23 TMC (12.08B.230) includes language that protects premises that have paid a
24 connection charge-in-lieu-of-assessment from any further connection charges-in-
25 lieu-of-assessment on that premise, and



1 WHEREAS, the SDC program will collect system-wide capacity charges that
2 have been calculated in a manner to exclude the costs of the localized wastewater
3 infrastructure that was already paid for by the Charge-in-lieu-of-Assessment
4 program, and therefore, any new or upsized connections under the SDC program
5 will be paying a charge for different purposes and therefore, no further Connection
6 Charges-in-Lieu-of-Assessments or other charges for the same localized
7 infrastructure will be collected against any premises that previously paid under the
8 prior program, and
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11 WHEREAS developers, purchasers of new developments, and renters
12 within new developments will be impacted by increased pre-construction costs to
13 develop in Tacoma, and
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15 WHEREAS this legislation will address a capital funding gap that would
16 otherwise need to be addressed through incremental rate increases to all
17 wastewater ratepayers, and it will also recover system capacity charges through
18 development rather than through all ratepayer classes by creating a non-ratepayer
19 revenue source for capital capacity upgrade projects, and
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21 WHEREAS community surveys have shown that affordability of utility rates is
22 a key consideration for residents across the demographic spectrum, and
23 particularly for lower-income residents, and
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25 WHEREAS revenue generated by SDCs will help ensure that Environmental
26 Services can complete additional capital projects required to accommodate growth



1 and densification, ensuring the wastewater system remains in a state of good
2 repair as the city grows, and

3 WHEREAS both the SDC implementation and Connection Charge-in-Lieu-
4 of-Assessment repeal will be effective July 1, 2026, such that no new development
5 is charged both a Connection Charge-in-Lieu-of-Assessment and an SDC
6 simultaneously; Now, Therefore,

8 BE IT ORDAINED BY THE CITY OF TACOMA:

9 Section 1. That the City Council hereby adopts the Recitals of this
10 Ordinance as its formal legislative findings.
11

12 Section 2. That Chapter 12.08B of the Tacoma Municipal Code, relating
13 to the Use of Sanitary Sewer, is hereby amended, by adding a new Section
14 12.08B.225, entitled "System Development Charges," effective July 1, 2026, as
15 set forth in Exhibit "A."
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17 Section 3. That Chapter 12.08B of the Municipal Code is hereby further
18 amended, by repealing Section 12.08B.230, entitled "Connection Charge-in-
19 Lieu-of-Assessment", to establish wastewater system development charges,
20 effective July 1, 2026, as set forth in Exhibit "A."
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Section 4. 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 12.08B USE OF SANITARY SEWER

* * *

RATES AND FEES

- 12.08B.200 Types of rates and fees.
12.08B.210 Rates and fees for wastewater service inside City limits.
12.08B.220 Rates and fees for direct wastewater services for properties outside the City.
12.08B.225 System development charges.
~~12.08B.230 Connection charge in lieu of assessment.~~
12.08B.240 Billing periods, payments, and collections.
12.08B.250 Rates and fees for special approved discharges.
12.08B.260 Fixed-term discharges of groundwater "pump and treat" effluent to the POTW.
12.08B.270 Discharge of domestic wastewater from holding tanks.
12.08B.280 Rates and fees for TAGRO.
12.08B.290 Pilot Rate Program.
12.08B.300 Regular review of wastewater rates and fees.
12.08B.310 Reconsideration of wastewater rates.
12.08B.320 Rates and fees for monitored users.
12.08B.330 Rates and fees for commercial/industrial wastewater user groups.
12.08B.340 Liability for supplemental fees.

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12.08B.225 System Development Charges

A. A system development charge ("SDC") shall be imposed for site modifications that result in new or expanded wastewater service based on the installation of new or upsized water meter(s) as a condition of permit issuance. The SDC fee is based on an equitable share of the cost of the entire existing wastewater system, less the cost of those components funded by grants, local improvement districts, connection charges-in-lieu-of-assessment, 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 will be imposed as follows:

1. The SDC will be based on customer class and meter size.

<u>Meter Size (Inches)</u>	<u>Commercial SDC</u>	<u>Single-Family Residential SDC</u>
<u>5/8"</u>	<u>\$4,007</u>	<u>\$3,339</u>
<u>3/4"</u>	<u>\$6,011</u>	<u>\$5,009</u>
<u>1"</u>	<u>\$10,018</u>	<u>\$8,348</u>
<u>1-1/2"</u>	<u>\$20,036</u>	<u>\$16,696</u>
<u>2"</u>	<u>\$32,057</u>	<u>\$26,714</u>
<u>3"</u>	<u>\$64,114</u>	<u>=</u>
<u>4"</u>	<u>\$100,178</u>	<u>=</u>
<u>6"</u>	<u>\$200,356</u>	<u>=</u>



8"	\$320,569	=
10"	\$460,818	=
12"+	\$676,200	=

The SDC for a multiple-family residence or mobile home court with two or more dwelling units served by a single water meter and accessory dwelling units served through the same water meter as the main dwelling, shall be calculated by taking the number of dwelling units in the premise and multiplying by 80 percent of the SDC for a Single-Family Residential for a 5/8-inch meter. If the premise chooses in the future to separately meter each dwelling unit, the additional 20 percent of the SDC for a Single-Family Residence for a 5/8-inch meter) shall be due and payable at the time of application for the changed wastewater services.

2. Commercial facilities that have previously paid an SDC and for which a significant portion of the water received from any metered source does not flow into the sanitary sewer because of the principal activity of the customer or removal by other means may, at the discretion of the Control Authority, establish separate wastewater flow metering and billing as provided for in TMC 12.08B.130 and 12.08B.210 Subsection E.2. Upon demonstrating reduced wastewater flows from the flow amount assumed in the original SDC fee as determined by the meter capacity equivalency factor, an SDC credit shall be granted in proportion to the flow reduction.

3. SDCs for expansion of existing service shall be determined by deducting the SDC amount applicable to the existing service from the SDC corresponding to the expanded service, both as determined by Subsection B.1.

4. Parcels without active service where meters are currently inactive or were previously removed may deduct the SDC corresponding to the most recently active meter or service, if such meter can be verified to have been active within the last five years by Departmental records.

C. SDC Exemptions:

1. New water service connections dedicated exclusively for fire protection purposes shall be exempt from payment of the SDC. The conversion of a dedicated fire service to a service for use other than exclusively for fire protection shall require the payment of the SDC as provided for in subsection B above.

2. When a Single-Family Residential meter is required to be 3/4-inch to provide combination domestic/fire sprinkler service as documented through the plan review process, the SDC for a 5/8-inch meter will apply.

3. Single-Family Residential customers requesting an upgrade of an existing 5/8-inch meter to a 3/4-inch meter for a combination domestic/fire sprinkler service will be exempt from payment of the additional SDC when such use is approved through the plan review process.

D. SDC Payment:

1. SDCs for meters 2-inches and smaller are payable in full at the time the meter installation is requested. The Director or designee is authorized to enter into payment agreements for SDCs for meters 3-inches and larger, 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.



1 E. Effective July 1, 2026, the SDC program shall supersede the connection charge-in-lieu-of-assessment
2 program established in TMC 12.08B.230, and the connection charge-in-lieu-of-assessment program shall
3 sunset. The SDCs under this section 12.08B.225 do not include the costs of any portions of the existing
4 wastewater system that were previously paid for by connection charges-in-lieu-of-assessments under
5 TMC 12.08B.230 and therefore, no further charges-in-lieu-of-assessments will be collected against any
6 premises that previously paid under that program. Any permit applications for new or expanded
7 wastewater service approved prior to July 1, 2026, will be subject to the connection charges-in-lieu-of-
8 assessment. Any permit applications for new or expanded wastewater service approved on or after July 1,
9 2026, will be subject to the SDCs.

10 F. Septic System Amnesty Program. Owners of residential and commercial premises where wastewater
11 service is available, but where the premise is not connected to the POTW, are eligible for a financial
12 incentive to connect to the POTW, as set forth below at subsections 1. and 2.

13 1. Where a system development charge is applicable, a financial incentive, consisting of a 50 percent
14 reduction in the charge (incentive program) for the subject premises will be available, subject to the
15 availability of funds, as described below, and in accordance with applicable policies set forth by the
16 Director. The remaining 50 percent (50%) of that charge may be eligible for financial assistance under the
17 Environmental Services Conservation Loan Program. The City will allocate up to \$500,000 per fiscal
18 year to fund this incentive program. Owners of premises who qualify for the incentive program will be
19 eligible for a 50 percent reduction in their SDC on a “first-come, first-served” basis until the moneys
20 allocated by the City for the incentive program in a given fiscal year are exhausted.

21 2. The financial incentive program is not available to new premises that are constructed after wastewater
22 service is available to that property. Owners not electing to take advantage of this limited program will be
23 subject to the applicable SDC specified in subsection B above.



~~12.08B.230 — Connection charge in lieu of assessment.~~

It is the intent of the City that all property owners shall bear an equitable share of the historic cost of constructing the abutting and adjacent POTW. Owners of premises within the City adjacent to and abutting the POTW that have not been previously assessed under a LID, or for a sanitary sewer improvement, may, upon receipt of a permit issued by the control authority to an owner or authorized representative, connect such premises to the POTW and discharge wastewater into such system. Such permit shall be issued only upon written application to the City by the owner of the premises to be served and shall be subject to the following terms and conditions:

A. The owner shall obtain all permits and pay all fees required by the City prior to making a connection to the POTW. Private side sewers shall be constructed in accordance with the City's Side Sewer and Sanitary Sewer Availability Manual and applicable policies, procedures, guidance, requirements and manuals promulgated by the Director related to side sewer connections:

B. Except as provided in subsection F of this section, the owner, prior to the issuance of any permit herein authorized, shall pay the City a connection charge in lieu of assessment. This charge shall be computed at the guaranteed rate per "Assessable Unit of Frontage" in effect at the time of construction of the sanitary sewer line to be used to serve the premises of such owners, unless as otherwise provided below at subsections 1 and 2. The rate for computation of a Connection Charge in lieu of Assessment shall be determined as of the date of completion of construction of the particular sanitary sewer line to be so used, as reflected by the rates shown below in Table I.

TABLE I

Construction Date	Rate Per A.U.F.	
	Two Side Service	One Side Service
Prior to September 30, 1957	\$3.25	\$3.25
October 1, 1957 to September 30, 1960	\$3.25	\$4.75
September 31, 1960 to January 15, 1963	\$3.75	\$4.75
January 16, 1963 to November 19, 1968	\$4.50	\$5.50
November 20, 1968 to July 17, 1973	\$5.75	\$9.00
July 18, 1973 to April 8, 1975	\$7.50	\$11.00
April 9, 1975 to December 5, 1978	\$15.50	\$23.00
December 6, 1978 to December 31, 1982	\$20.00	\$38.00
January 1, 1983 to June 2, 1991	\$24.50	\$46.50
June 3, 1991 to June 30, 1994	\$30.00	\$60.00
July 1, 1994 to December 31, 1998	\$40.00	\$80.00
January 1, 1999 to May 31, 2011	\$50.00	\$100.00
June 1, 2011 and thereafter	\$75.00	\$150.00

1. In no case shall the connection charge in lieu of assessment be less than the rate per "Assessable Unit of Frontage" charged to the original LID participants; therefore, in the event that the rate per "Assessable Unit of Frontage" charged to the original LID participants was higher than the rate set forth in this table, the connection charge in lieu of assessment shall be equal to the higher rate. In addition to the "Assessable Unit of Frontage" charge calculated according to Table I above, the City shall assess each connection to the POTW a Connection Fee, as established by ordinance or resolution of the City Council. In no case shall the total charge for the connection exceed the charge that would result from using the



prevailing guaranteed maximum rate in effect at the time of the connection, unless as otherwise provided below.

2. For connections to any portion of the sanitary sewer line built with City funds instead of by LID, and constructed after January 1, 1999, the connection charge in lieu of assessment for each abutting premises shall be the proportionate share of the actual cost to construct the sanitary sewer line. The proportionate share shall be the ratio of each premises' "Assessable Units of Frontage" to the total units of frontage, multiplied by the actual cost to construct the sanitary sewer line, plus any costs for side sewers. Actual cost to construct the sanitary sewer line shall be defined as the final applicable construction cost plus a 15 percent (15%) allowance for engineering, survey, inspection, and administration. In no case shall the connection charge exceed the benefit accruing to each premise. If the charge that would result from using the prevailing guaranteed maximum rate exceeds the proportionate share, the current connection shall be added to the proportionate share.

3. The calculation of the connection charge in lieu of assessment shall use the actual rate charged to the LID participants or the prevailing guaranteed maximum rate in effect at the time of construction, whichever is highest, unless the sewer was built with City funds after January 1, 1999. If the sewer was built with City funds after January 1, 1999, the calculation shall use the prevailing guaranteed maximum rate in effect at the time of connection or the final applicable construction cost plus 15 percent, whichever is highest.

4. Connection of premises to the existing POTW which is not adjacent to or abutting the subject premises shall be subject to a connection charge in lieu of assessment calculated using the higher of the prevailing guaranteed maximum rate in effect at the time of connection.

5. If the POTW is extended to be adjacent to or abutting the subject premises, the adjacent or abutting premises, which are identified on the City's Request for Release as having contributed to the costs of the design and construction of the POTW, shall be connected to such POTW at no additional connection charge, as set forth in subsection C below; provided the owner/developer has submitted "As-Built" drawings to the City depicting the connection and has also executed the City's Certificate of Release.

6. The "Assessable Units of Frontage" and the applicable amount to be paid thereon shall be computed in the same manner as the procedure set forth for LIDs under Chapter 35.44 RCW. The owner of the premises is responsible for the cost of constructing their private side sewer that connects to the POTW.

C. The connection charge in lieu of assessment shall be credited to and considered a benefit to the specific premises served by the sewer connection. Such premises shall be designated by legal description and maintained as a part of the City's permanent records pertaining thereto and recorded with the Pierce County Auditor's Office as required by state law. No further sanitary sewer connection charge shall be collected against said premises.

D. Future sanitary sewer connections to premises abutting the POTW on which a sanitary sewer connection charge has not been paid, but which adjoins specific premises for which such charges have been charged or paid, shall be subject to the applicable charges as established by ordinance or resolution of the City Council.

E. The Sanitary Sewer Connection Charges shall be calculated to include a processing fee equivalent to the current fees charged by the County Auditor for recording the Certificate of Payment and Release served under RCW 65.08.180.

F. Septic System Amnesty Program. Owners of residential and commercial premises where wastewater service is available, but where the premise is not connected to the POTW, are eligible for a financial incentive to connect to the POTW, as set forth below at subsections 1. and 2.

1. Where the Connection Charge in lieu of Assessment is applicable, a financial incentive, consisting of a 50 percent reduction in the charge (incentive program) for the subject premises will be available, subject to the availability of funds, as described below, and in accordance with applicable policies set forth by the Director. The remaining 50 percent (50%) of that charge may be eligible for financial assistance under the Environmental Services Conservation Loan Program. The City will allocate up to \$500,000 per fiscal



year to fund the incentive program. Owners of premises who qualify for the incentive program will be eligible for a 50 percent reduction in their connection charge on a "first come, first served" basis until the moneys allocated by the City for the incentive program in a given fiscal year are exhausted.

2. Where an LID was/is formed, the financial incentive will consist of a 50 percent reduction to that assessment for the subject premises in accordance with policies set forth by the Director, subject to the availability of funds, as stated in subsection F.1 above. In the case where all or a part of the LID assessment, not including requested supplemental work, has been paid, the appropriate reduction or rebate will be made so that the final cost for the subject premises will be 50 percent of the full assessment amount.

3. The financial incentive program is not available to new premises that are constructed after wastewater service is available to that property. Owners not electing to take advantage of this limited program will be subject to the regular charges such as those specified in subsection B above.

G. All Connection Charges in lieu of Assessment received pursuant to the provisions of this section are nonrefundable and shall be considered capital contributions to the POTW and deposited into the Wastewater Management Fund.

H. All ordinances, policies, procedures, guidance, requirements, and manuals relating to the use, maintenance, and connection to POTW, shall apply to each such sanitary sewer connection. Persons who violate the requirements of this chapter may be subject to suspension or disconnection of wastewater service, along with other enforcement remedies authorized by this chapter or state law.

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