



Tacoma Water System Development Charges

City of Tacoma | Tacoma Water

City Council Meeting
February 24, 2026
Ordinance No. 29091



BACKGROUND



- System Development Charges are one-time fees that are assessed to upsized meters or new connections to the utility's water system
- These charges are exclusively used for capital improvements related to system growth or expansion
- The Tacoma City Council first adopted Tacoma Water's System Development Charges in 1997
- To maintain cost sharing equity, Tacoma Water periodically reviews and provides recommendations for updated charges

ISSUES



- Tacoma Water's System Development Charges were last updated in 2020
- Since the last update, several regulatory requirements and system needs have been identified, totaling approximately \$300M more than prior modeling
- In lieu of updated System Development Charges, incremental capital costs for system growth and expansion would fall to existing ratepayers in the form of rate increases or bond issuances

3

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

4



PHASE-IN SCHEDULE



System Development Charges - 2" Meter Size or Smaller					
Meter Size (Inches)	Residential				
	Effective Date				
	2/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030
5/8	\$ 1,204	\$ 1,599	\$ 1,995	\$ 2,390	\$ 2,785
3/4	\$ 1,793	\$ 2,373	\$ 2,954	\$ 3,534	\$ 4,114
1	\$ 2,972	\$ 3,922	\$ 4,873	\$ 5,823	\$ 6,773
1.5	\$ 5,918	\$ 7,794	\$ 9,669	\$ 11,545	\$ 13,420
2	\$ 9,455	\$ 12,440	\$ 15,426	\$ 18,411	\$ 21,397

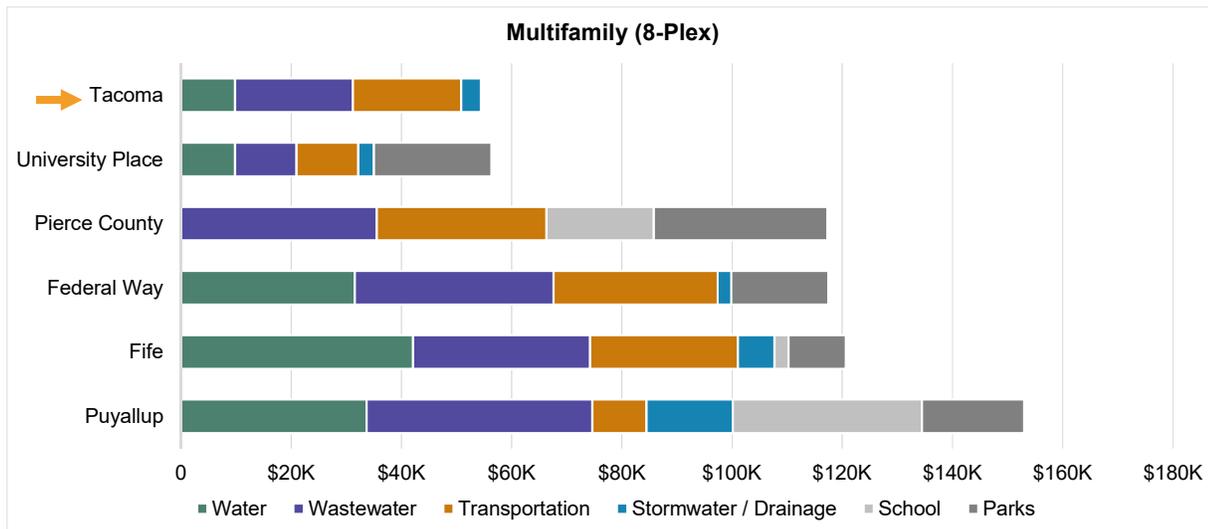
System Development Charges - 2" Meter Size or Smaller					
Meter Size (Inches)	Irrigation				
	Effective Date				
	2/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030
5/8	\$ 2,306	\$ 3,552	\$ 4,797	\$ 6,043	\$ 7,288
3/4	\$ 3,460	\$ 5,328	\$ 7,196	\$ 9,064	\$ 10,932
1	\$ 5,767	\$ 8,880	\$ 11,994	\$ 15,107	\$ 18,221
1.5	\$ 11,533	\$ 17,760	\$ 23,987	\$ 30,214	\$ 36,441
2	\$ 18,452	\$ 28,416	\$ 38,379	\$ 48,343	\$ 58,306

System Development Charges - 2" Meter Size or Smaller					
Meter Size (Inches)	Commercial				
	Effective Date				
	2/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030
5/8	\$ 1,678	\$ 2,295	\$ 2,912	\$ 3,529	\$ 4,146
3/4	\$ 2,419	\$ 3,245	\$ 4,072	\$ 4,898	\$ 5,725
1	\$ 3,899	\$ 5,146	\$ 6,392	\$ 7,639	\$ 8,885
1.5	\$ 7,602	\$ 9,897	\$ 12,193	\$ 14,488	\$ 16,784
2	\$ 12,044	\$ 15,599	\$ 19,153	\$ 22,708	\$ 26,263

System Development Charges - 3" Meter Size or Larger					
Cost per Gallon	Effective Date				
	2/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030
Average Day	\$ 3.44	\$ 4.79	\$ 6.15	\$ 7.50	\$ 8.85
Peak Day	\$ 2.72	\$ 3.35	\$ 3.99	\$ 4.62	\$ 5.25



FEE STACKING COMPARISON



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



TIMELINE



	Date	Stakeholder Presentation
✓	October 16, 2025	Master Builder's Association
✓	October 22, 2025	PUB Study Session
✓	November 4, 2025	GPFC Presentation
✓	November 5, 2025	PUB Public Comment Presentation
✓	November 19, 2025	Permit Advisory Group
✓	December 10, 2025	PUB Resolution U-11573 Passed
✓	January 6, 2026	Tacoma City Council First Reading
✓	February 10, 2026	Tacoma City Council Study Session
	February 24, 2026	Tacoma City Council Second Reading



NEXT STEPS



Date	Objective
March 6, 2026	First SDC Phase-In Effective
Q2 - Q3 2026	Coordination with Environmental Services, Community & Economic Development, Planning & Development Services, and Legal to define and develop waiver process
Q4 2026	Waiver resolution and ordinance brought before PUB and Council



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