System Development Charge Update

Presented by Dana Larsen
Public Utility Board
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Overview & Background

Overview

- Proposed amendments to Tacoma Municipal Code Title 12 (Utilities)
- Revise System Development Charge (SDC) in Section 12.10.310

Background

- System Development Charge (SDC) is a one-time charge
- Due at the time of meter purchase
- Imposed on the sale of water service as a condition of receiving or upsizing a new water connection
- Authorized by RCW 35.92.025 & adopted by Tacoma Water in 1997
- Fund critical infrastructure to support growth of housing and commercial development

SDC Study Overview

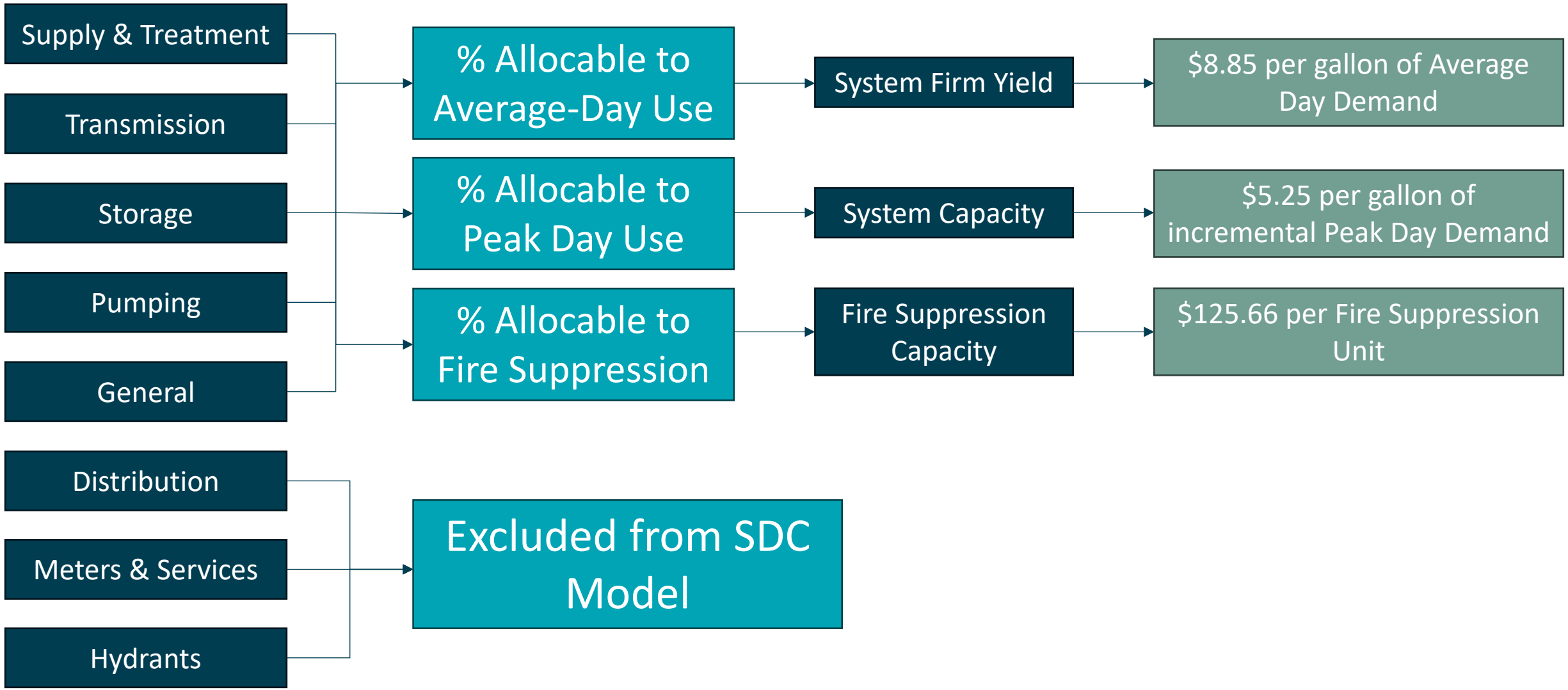
SDC Study

- Last updated in 2019, effective 2020
- 2025 comprehensive reassessment to reflect new capital investments
- Updated the methodology and charges to align with current and projected needs through 2030
- Recover an equitable portion of future and past capital infrastructure costs
- Customers pay fair share of system capacity to accommodate growth over time

Findings

- Water made significant new capital investments allocable to the SDC calculation
- Advanced Metering provides new consumption data insights
- Average-cost methodology applied
- Updated SDC spreads the cost of growth-related improvements over total system capacity

SDC Calculation Methodology



SDC Study Results

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Accurate multi-family scaling factor made possible by AM data & accessibility of SAP data over the past several years.

Meter Size	Residential*	Commercial	Irrigation
5/8”	$2,785	$4,146	$7,288
3/4"	$4,114	$5,725	$10,932
1”	$6,773	$8,885	$18,221
1 1/2"	$13,420	$16,784	$36,441
2”	$21,397	$26,263	$58,306
3” or Greater	Based on Consumption		

Consumption	Per GPD
Average Day	$8.85
Peak Day	$5.25

**Multi-Family SDC equal to Number of Dwelling Units multiplied by 44% of 5/8” Residential Meter SDC regardless of actual meter size*

Fee Schedule Recommendation

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- Phase into SDC study results over 5 years beginning February 1, 2026
- Reevaluate SDC inputs and methodology in 2030

Meter Size	Residential					
	1/1/2020	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030
5/8"	$ 809	$ 1,204	$ 1,599	$ 1,995	$ 2,390	$ 2,785
3/4"	$ 1,213	$ 1,793	$ 2,373	$ 2,954	$ 3,534	$ 4,114
1"	$ 2,022	$ 2,972	$ 3,922	$ 4,873	$ 5,823	$ 6,773
1 1/2"	$ 4,043	$ 5,918	$ 7,794	$ 9,669	$ 11,545	$ 13,420
2"	$ 6,469	$ 9,455	$ 12,440	$ 15,426	$ 18,411	$ 21,397

Meter Size	Commercial					
	1/1/2020	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030
5/8"	$ 1,061	$ 1,678	$ 2,295	$ 2,912	$ 3,529	$ 4,146
3/4"	$ 1,592	$ 2,419	$ 3,245	$ 4,072	$ 4,898	$ 5,725
1"	$ 2,653	$ 3,899	$ 5,146	$ 6,392	$ 7,639	$ 8,885
1 1/2"	$ 5,306	$ 7,602	$ 9,897	$ 12,193	$ 14,488	$ 16,784
2"	$ 8,489	$ 12,044	$ 15,599	$ 19,153	$ 22,708	$ 26,263

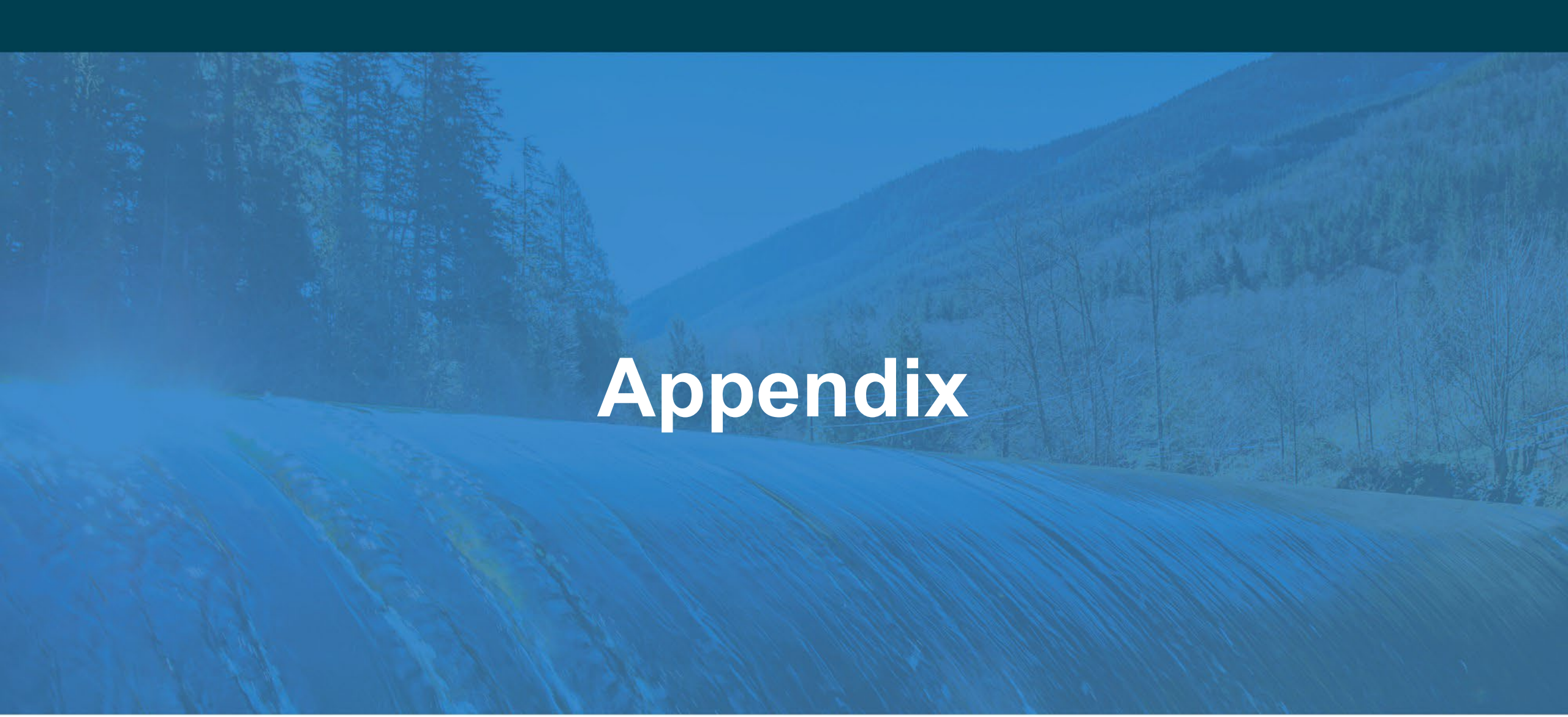
Meter Size	Irrigation					
	1/1/2020	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030
5/8"	$ 1,061	$ 2,306	$ 3,552	$ 4,797	$ 6,043	$ 7,288
3/4"	$ 1,592	$ 3,460	$ 5,328	$ 7,196	$ 9,064	$ 10,932
1"	$ 2,653	$ 5,767	$ 8,880	$ 11,994	$ 15,107	$ 18,221
1 1/2"	$ 5,306	$ 11,533	$ 17,760	$ 23,987	$ 30,214	$ 36,441
2"	$ 8,489	$ 18,452	$ 28,416	$ 38,379	$ 48,343	$ 58,306

Consumption	1/1/2020	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030
Average Day	$ 2.09	$ 3.44	$ 4.79	$ 6.15	$ 7.50	$ 8.85
Peak Day	$ 2.09	$ 2.72	$ 3.35	$ 3.99	$ 4.62	$ 5.25

Communication and Next Steps

Meeting	Date
Master Builder's Association	October 16
PUB Study Session	October 22
GPFC Presentation	November 4
PUB Evening Meeting	November 5

Permit Advisory Group	November 19
PUB Evening Meeting	December 10
City Council	January 2026



Appendix

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SDC Revenue & Use of Funds

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Revenue Summary

- Total SDC revenue for the five-year period was $12.2 million
- Average Annual SDC Revenue from 2020-2024 was $2.4 million
- $34.5 million spent on capital projects since 2020
- Fund balance decreased from $73.3 million to $57.5 million from 2020-2024 (reduction of $15.8 million)

Highlights

- $12 million spent on Pinnacle Ridge Tank & Pump Station (WTR-00625)
- $5.4 million spent on Service Upgrades & Renewals (WTR-00693)
- $4.1 million on main upgrades (WTR-00604)

SDC Example (Residential)

Cost Component	Cost per Unit	Number of Units	Scaling Factor	SDC Component
Average-Day Capacity	$8.85	178 gpd of average day demand	1.00 (5/8” meter)	$1,575.30
Peak-Day Capacity	$5.25	(384 – 178) = 206 gpd of incremental peak	1.00 (5/8” meter)	$1,081.50
Fire Suppression (Pumping)	$12.24	1 meter	1.00 (Flow requirement)	$12.24
Fire Suppression (Storage)	$113.42	1 meter	1.00 (Storage requirement)	$113.42
Total SDC*				$2,782.46

*For visual simplicity, this example rounds all unit costs before calculating the total SDC. The model maintains all decimal positions until the final figure is rounded to the nearest dollar.

SDC Example (Commercial)

Cost Component	Cost per Unit	Number of Units	Scaling Factor	SDC Component
Average-Day Capacity	$8.85	279 gpd of average day demand	1.50 (3/4” meter)	$3,703.73
Peak-Day Capacity	$5.25	(411 – 279) = 132 gpd of incremental peak	1.50 (3/4” meter)	$1,039.50
Fire Suppression (Pumping)	$12.24	1 meter	3.33 (Flow requirement)	$40.76
Fire Suppression (Storage)	$113.42	1 meter	8.33 (Storage requirement)	$944.79
Total SDC*				$5,728.78

*For visual simplicity, this example rounds all unit costs before calculating the total SDC. The model maintains all decimal positions until the final figure is rounded to the nearest dollar.

Meter and Fire Suppression Equivalents

Meter Size	Meter Equivalents*
5/8”	1.00
3/4"	1.50
1”	2.50
1 1/2"	5.00
2”	8.00

	Residential	Multi-Family	Commercial	Irrigation
Fire Flow Requirement	1,500 gpm	3,500 gpm	5,000 gpm	0 gpm
Flow Factor	1.00	2.33	3.33	0.00
Required Duration	2 hours	4 hours	5 hours	0 hours
Storage Requirement	180,000 gal	840,000 gal	1,500,000 gal	0 gal
Storage Factor	1.00	4.67	8.33	0.00

**Based on maximum safe operating flow according to the American Water Works Association*