



System Development Charges

City of Tacoma | Environmental Services
Environmental Services Commission
September 12, 2024



Agenda



- Current Practice
- Overview of System Development Charges
- Application of System Development Charges
- Comparison of Adjacent Jurisdictions
- Path Forward



Current Practice

TMC 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 sewer.

Can be accomplished in different ways.

- Developer extensions
- Local Improvement Districts
- Pay an In lieu of Assessment Charge

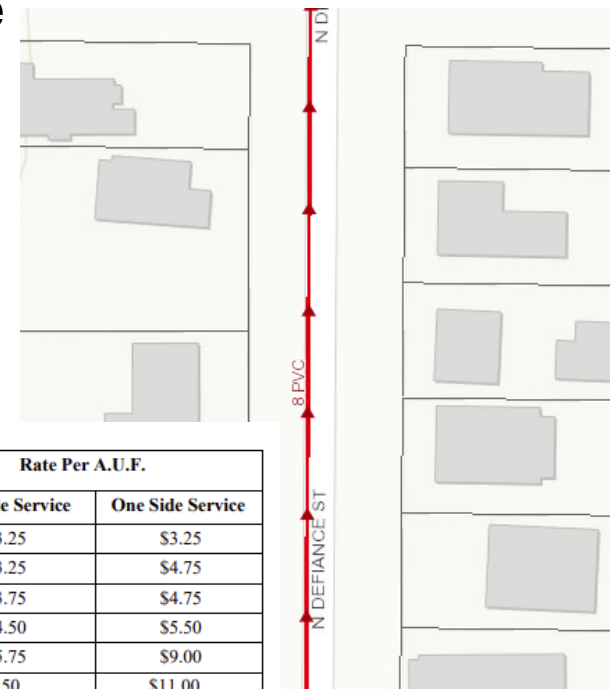


TABLE I

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 20, 1960	\$3.25	\$4.75
September 21, 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

Charge based on frontage and year main constructed.

Example: 50' x 120' Lot connecting to main constructed in 1992 => ~ \$1,500



Current Practice - Challenges

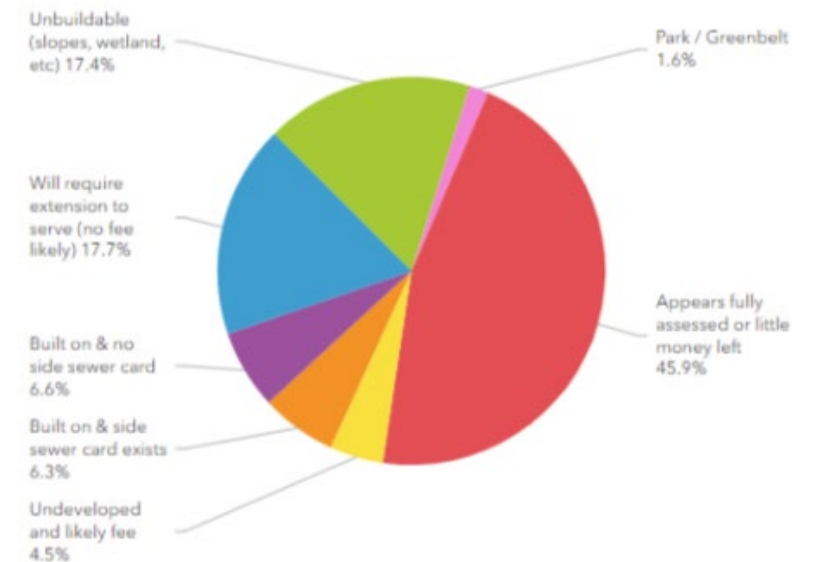
Challenges:

- Does not address equitable share of cost associated with pump stations & treatment plants.
- 93% of parcels in Tacoma have addressed their responsibility under 12.08B.230
- Does not address redevelopment at higher densities or change in use.

Exception:

Development over 100 units or 10% of main capacity may be required to upsize main.

Does not address Home in Tacoma type of redevelopment.





What are System Development Charges



One-Time Charge

A one-time connection charge imposed on development as a condition of receiving water, sewer, or stormwater service

“Capacity Charge” or
“General Facilities Charge”



Proportional to Need

Charges are imposed in proportion to capacity needed to serve the connection

Growth Pays for Growth



Cost Recovery

Recovers the cost of the infrastructure that supports connections to the system that was paid for by ratepayers.



Benefits of System Development Charge



APPLICABLE FOR REDEVELOPMENT & CHANGE IN USE



FUNDING SOURCE OUTSIDE OF EXISTING RATEPAYERS



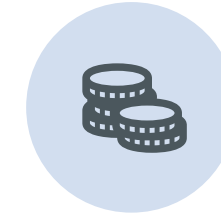
GROWTH PAYS FOR GROWTH



RECOVER PROPORTIONATE SHARE OF INFRASTRUCTURE INVESTMENT



COMMON INDUSTRY FUNDING MECHANISM



REIMBURSE EXISTING CUSTOMERS FOR AVAILABLE CAPACITY

● ● ● Legal Basis for SDCs



Key requirements of the law

- Based on an 'equitable share of the cost of the system'
- In addition to the cost of connection itself
- Are imposed in proportion to capacity needed to serve the connection
- Can be used to fund capital projects or debt service

Considerations from Washington case law

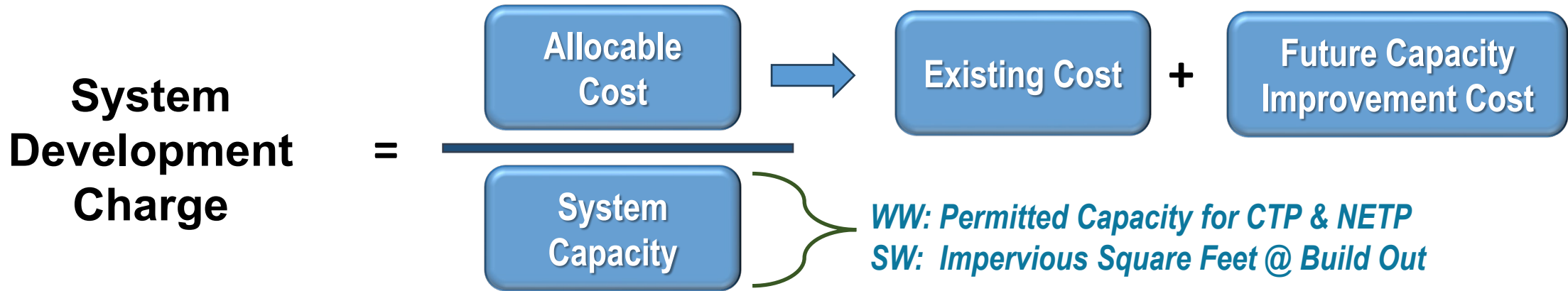
- Must be based on Original Cost
- May include a component for future projects to meet future capacity needs

Excluded Costs:

- Developer funded improvements
- Local Improvement District funded improvement
- Grant funded improvements



General SDC Methodology



Key steps:

- Define the “cost of the system”
 - Existing assets
 - Adopted Comprehensive Plan
- Define System Capacity
 - Establish “unit of capacity”

Should only include costs funded by the utility

Wastewater = \$/Gallon Per day
Stormwater = \$ per Sq. Ft. of Impervious Surface

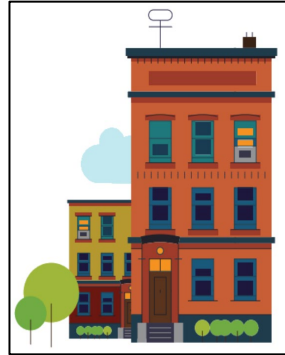
Application of Wastewater SDC



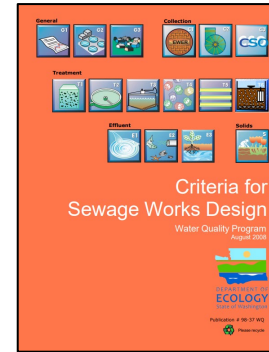
Water Meter



Fixture Count



ERU



Orange Book

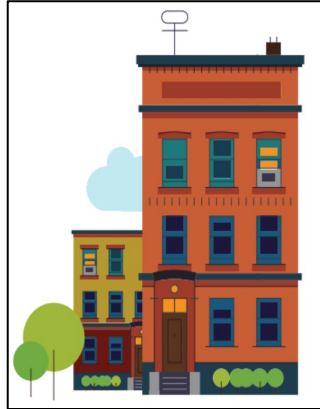
Potential - Hybrid

- Single Family Dwelling = Equivalent Residential Unit
- Multi-family = % of Equivalent Residential Unit
 - Percentage could vary depending on type of multi-family development or ADU
- Non-Residential = Based on Meter Size Up to 2" meter
- Meters 3" or larger based on estimated average day water use.

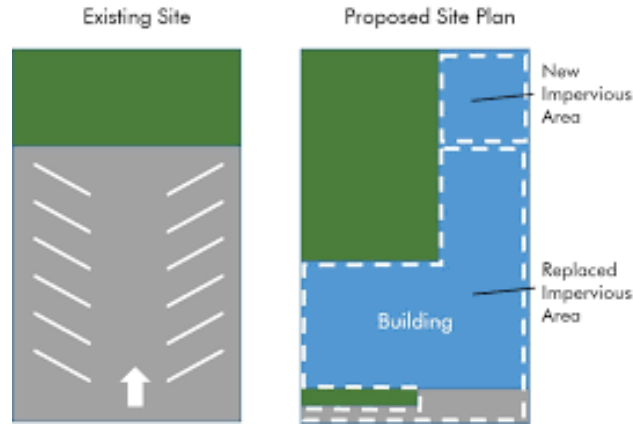
City/County	Method
Everett	Meter Size System Demand for Large Developments
Federal Way (Lakehaven)	ERU
Puyallup	ERU Commercial /Industrial - Fixture
Sumner	ERU
Bellingham	Meter Size
Gig Harbor	ERU
Pierce County	ERU



Application of Stormwater SDC



Impervious Surface Unit



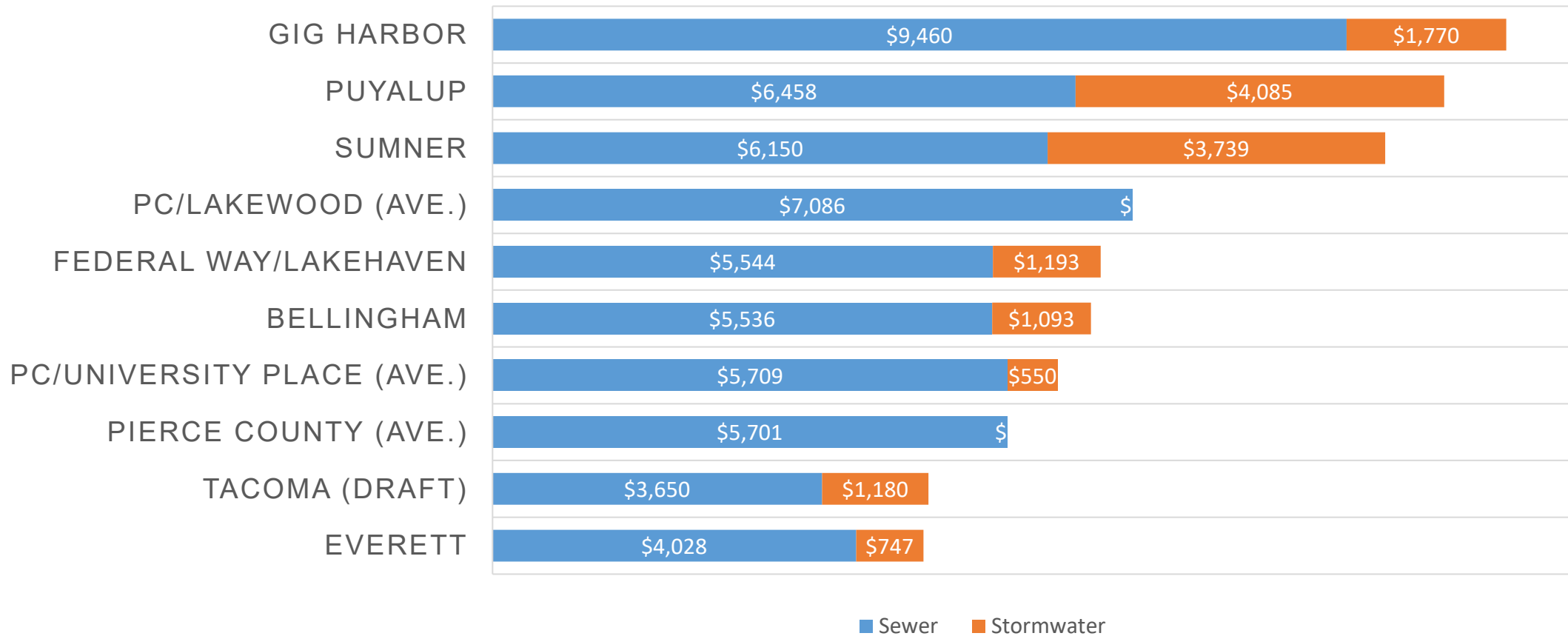
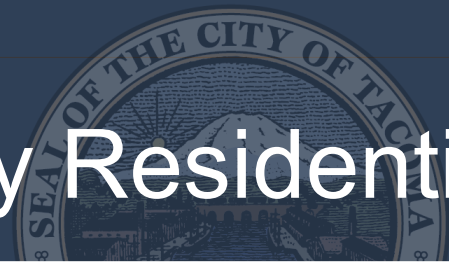
Impervious Area

Potential - Hybrid

- Single Family Dwelling = ISU (2 Tier)
- All Other = \$/Impervious SF

City/County	Method
Everett	SFD: ISU + \$/SF
Federal Way (Lakehaven)	SFD: ISU Other: Impervious Area
Puyallup	ERU
Sumner	ERU
Bellingham	SFD: ISU (2 Tier) Other: Impervious Area
Gig Harbor	ERU
Pierce County	N/A
University Place	SFD: ISU Other: Impervious Area

SDC Comparison - Single Family Residential



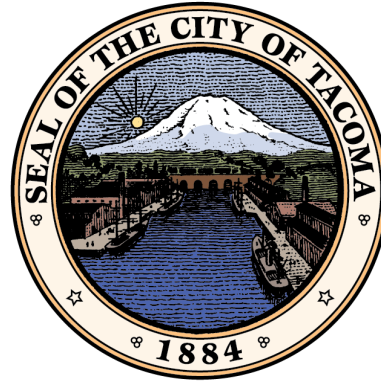


Path Forward

- Finalize Unit Cost for SDCs
 - Finalize Recommended Methodology
 - Update ESC
 - Presentations to Council Committees and other stakeholders
 - Development of Ordinance
 - Council Approval
-
- Anticipate further feedback from ESC throughout the process
 - Estimated to complete process in 2025



Questions/Discussion



Cost Savings Efforts

City of Tacoma | Environmental Services

Environmental Services Commission

September 12, 2024





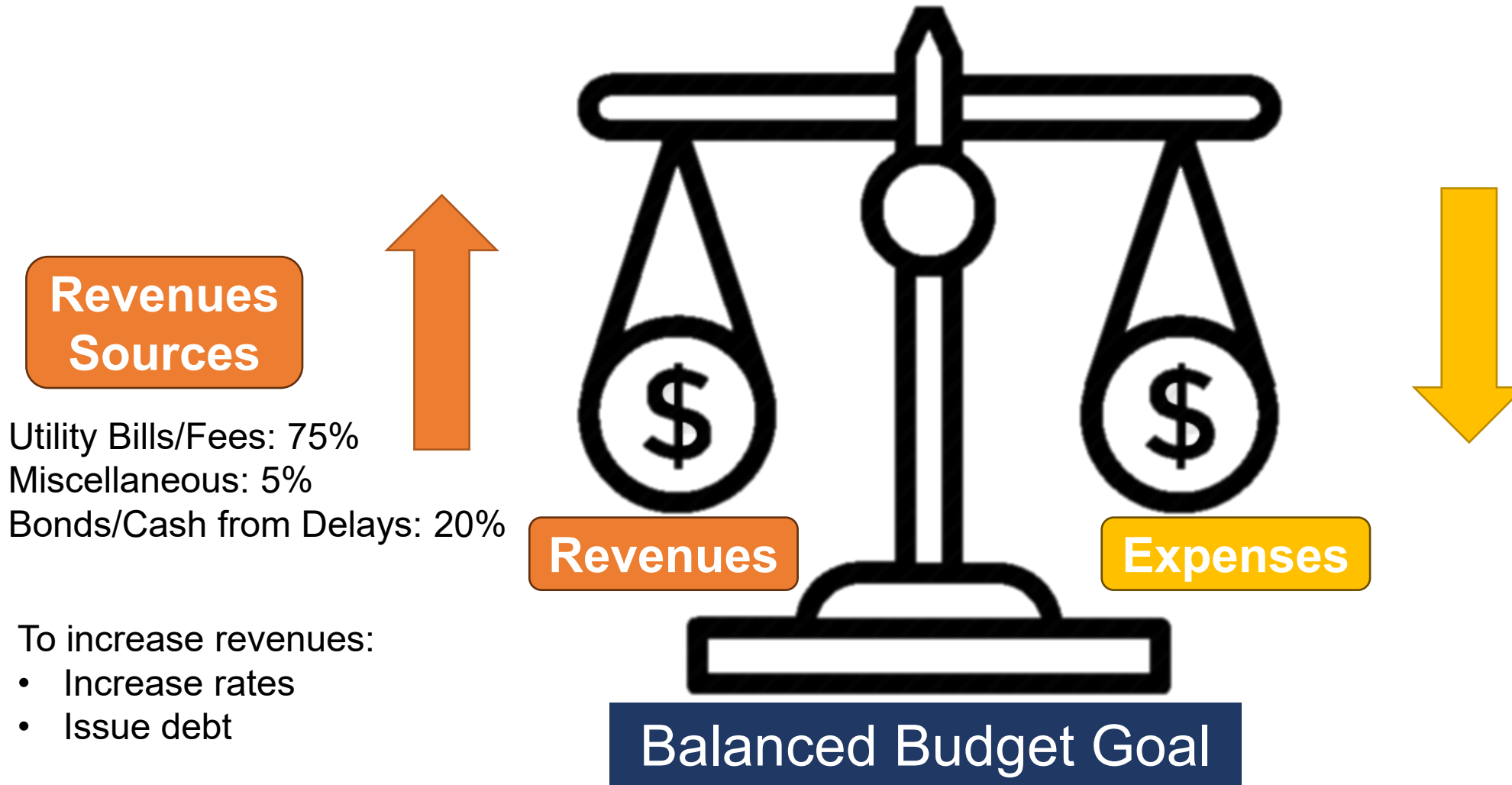
OVERVIEW



- Budget Principles
 - Discretionary vs. Non-Discretionary Costs
 - Personnel Costs
- Cost Savings Efforts
 - Government Procurement Best Practices
 - Innovation
 - Conservation



BUDGET PRINCIPLES



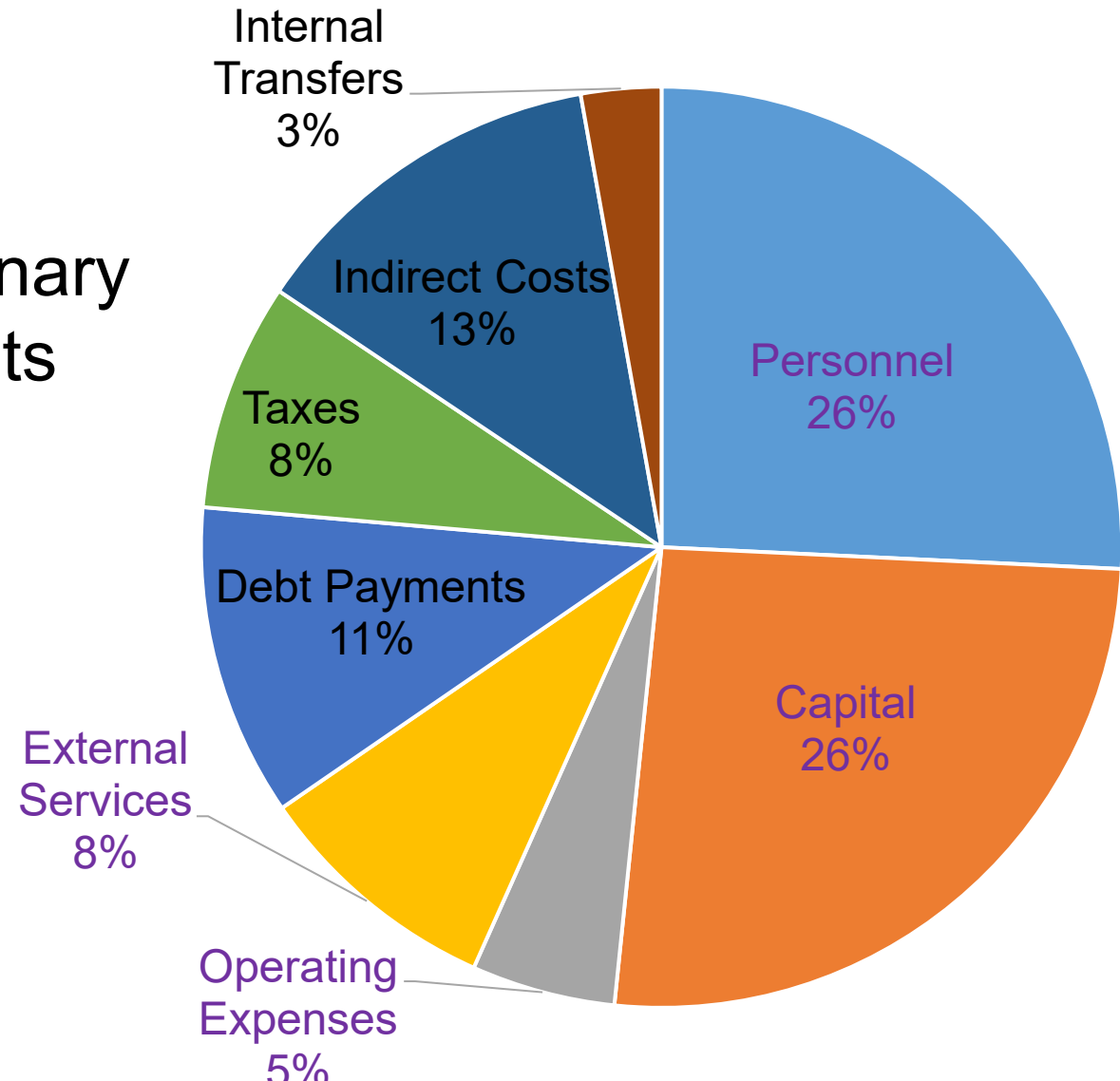
To increase revenues:

- Increase rates
- Issue debt



WHAT COSTS WE CAN CONTROL

Non-Discretionary
(Fixed) Costs

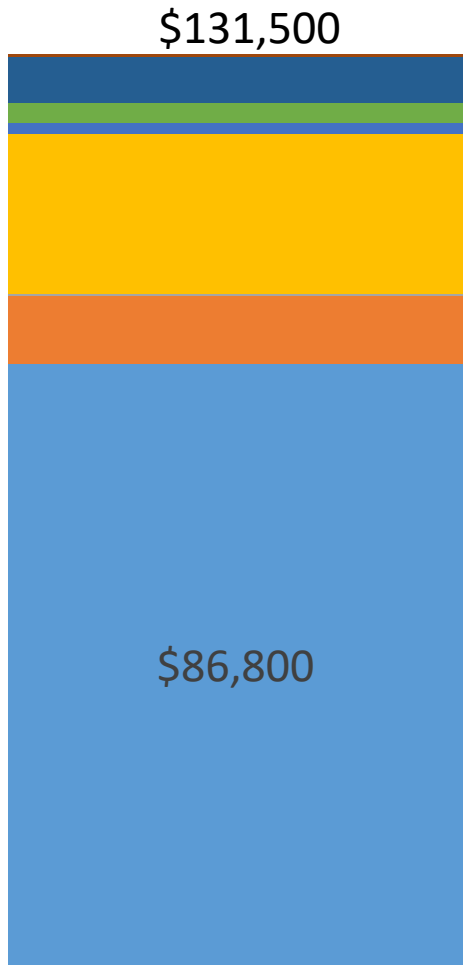


Discretionary Costs

- To reduce spending:
- Delay capital (increasing risk of failures)
 - Reduce budgeted positions (layoffs)



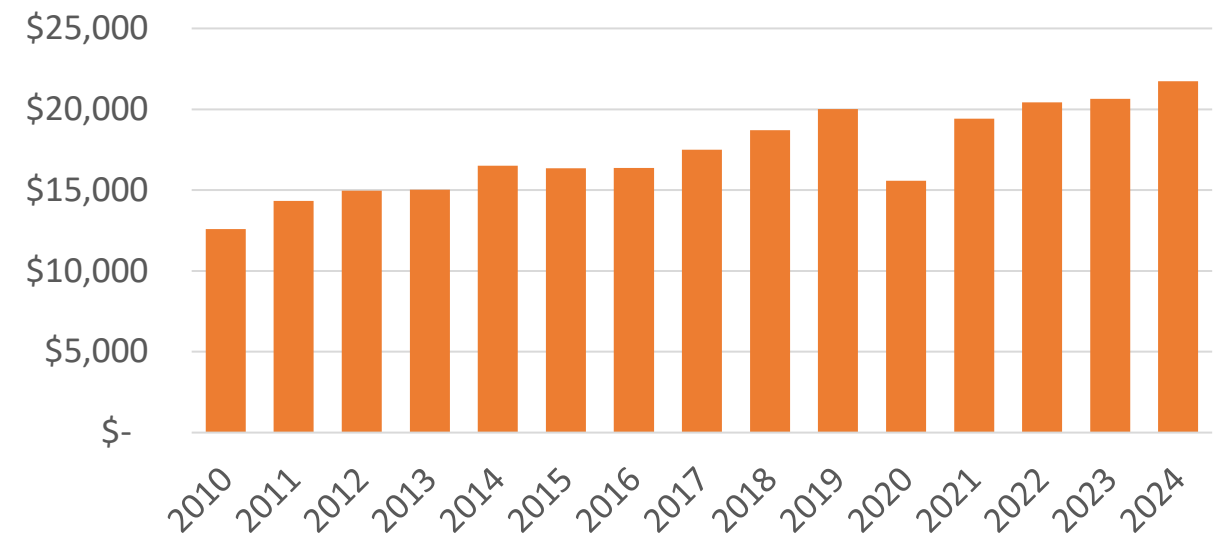
PERSONNEL COSTS



Benefits Equate to ~34% of Personnel Costs

Medical Costs per employee have grown ~7.9% per year

- Salary
- Health
- FICA
- Pension
- Dental
- Other State Benefits
- Allowances
- Workers Comp





MANAGING LABOR COSTS

- Collective Bargaining
- Overtime vs. Additional Staff
- Efficient/Timely Hiring Process
- Right Position for the Right Role



COST SAVINGS - PROCUREMENT

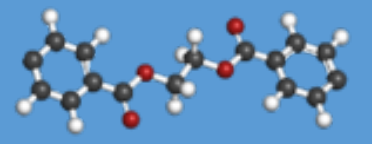
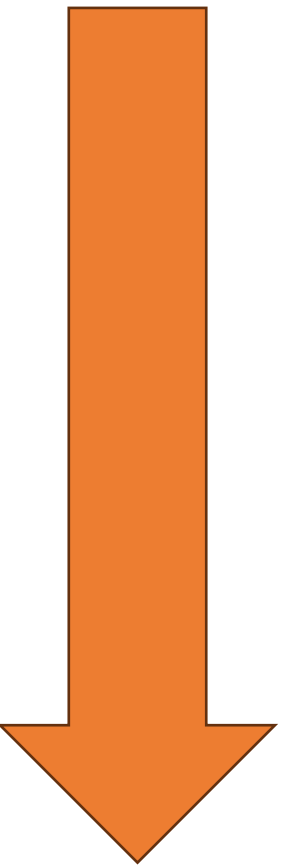
- Award contracts to lowest responsible bidder
- Find partners to leverage increased buying power
- Evaluate projects for lowest life-cycle cost



North End Treatment Plant (NETP)



COST SAVINGS - CONSERVATION



Reduced chemicals

- Optimized the dewatering process reducing Polymer usage by 30%.
- Optimized the Oxygen deck process, reducing liquid Oxygen usage by 25%.



Evaluated well and City water usage in the CTP. Reduced usage and moved sources to effluent water saving \$500K in City water bills.



Evaluated fleet usage and reduced O&M fleet by 7 vehicles and purchased 7 electric vehicles resulting in a 12% fuel savings.



Completed the Environmental Objective for electrical savings in 2024. Resulted in saving 20% CTP power usage over the last 10 years.



COST SAVINGS - INNOVATION

MyAccount

Fill in the details below to report an issue. (* denotes required)

Request type *	Solid Waste
Request subtype	Damaged/Lost container
Customer type	Damaged/Lost container Change container size Missed pickup Request extra pickup Schedule Call-2-Haul Vacation hold General inquiry
Email address	
Telephone *	

Electronic Documentation System (EDS) Home Page

Submit an FDM/Change Request* to request:

1. An editable version of a document
2. An update to information found in the EDS

* If you are a user of the FDM project, please login to [g-Buildit](#) to submit a request.

FDM / CHANGE REQUEST

Select an image below to navigate to that section of the EDS.

<p>General Information</p> <p>Contains SOPs, ERPs, Permits, Training, and ES Policies</p>	<p>ESMS</p> <p>Contains ESMS Policies & Meeting Documents</p>	<p>Solid Waste</p> <p>Contains SWM specific info: SOPs, Permits, Training</p>
<p>Central Treatment Plant</p> <p>Contains CTP Facility and Asset Info</p>	<p>North End Treatment Plant</p> <p>Contains NETP Facility and Asset Info</p>	<p>Collection Systems</p> <p>Contains Pump Stations & Detention Pond Info</p>



OTHER COST SAVINGS EFFORTS



City of Tacoma

2025-2026 Budget Direction Memorandum

TO: External Service Department Directors and Budget Counterparts
FROM: Elizabeth Pauli, City Manager; Hyun Kim, Deputy City Manager; and Kurtis Kingsolver, Deputy City Manager
COPY: Kathryn Johnston, Budget Officer, Office of Management & Budget (OMB); General Government Department Directors and Counterparts
SUBJECT: 2025-2026 Budget Direction – External Services
DATE: May 6, 2024

EXECUTIVE SUMMARY

I extend my sincere appreciation to each of you and your teams for the dedicated efforts to develop the City's baseline budget over the past four months.

• • •

Even as we find ourselves in a challenging fiscal environment, our theme for this budget process is building public trust through service delivery. Public trust is essential to every aspect of our organization, and it is our charge to ensure we are effectively and efficiently managing the resources entrusted to us by the community. We are obligated to evaluate what we do as an organization. To encourage evaluations of service effectiveness, each department is tasked with identifying a 6% reduction with Tacoma Police and Fire tasked with identifying 2.5% reductions in expenses in operating funds. This process aims to identify programs not effectively and/or efficiently meeting priorities. As part of this process, we will discuss service impacts associated with reductions, while remaining focused on the need to build the public's trust in our organization.



Environmental Services
Budget Employee Engagement (BEE) Team

●●● NEXT STEPS



- **September 12** – ESC Draft Letter
- **October 1** – City Manager presents proposed budget, and TPU and Environmental Services rates
- **October 8** – ES Budget and Rates Overview at Study Session
- **September to November** – Community Outreach
- **November 19 and December 3** – Rates ordinances first and final reading



Cost Savings Efforts

City of Tacoma | Environmental Services

Environmental Services Commission

September 12, 2024

