STAFF REPORT

Meeting Type:	City Council
Meeting Date:	October 19, 2026
From:	Tyler Deems, City Manager
Subject:	Council Discussion: Wastewater System Development Charge Rates

DECISION TO BE MADE:

Information, discussion, and direction on future wastewater system development charge (SDC) rates.

APPLICABLE COUNCIL GOAL:

- **Goal 7.9.2**: Update [wastewater] system development charges.

BACKGROUND / CONTEXT:

The Council last adopted a revised wastewater SDC methodology in April 2026. This revision reflected some minor changes in language but did not impact the maximum defensible charge as outlined in the methodology. At the time of adoption, the Council had not yet adopted the 2026 Wastewater Facility Plan Amendment, so the wastewater SDC methodology was based on the 2019 wastewater facilities plan. The current maximum defensible wastewater SDC is $14,952. The current rate that is in effect is $13,163.

In June 2026, the Council adopted the 2026 Wastewater Facility Plan Amendment. The preferred alternative identified in this plan calls for a membrane bioreactor (MBR) treatment plant and discharge of treated effluent to different locations depending on the season and amount of flow. The multiple discharge locations include a local nursery partner in the summer months, Tickle Creek in the winter months, and a new groundwater recharge option during peak flow times. The wastewater SDC methodology needs to be updated to reflect the change in scope with the newly adopted plan amendment.

The City contracted with FCS Group to complete the revision of the SDC methodology. The analysis shows that the plan amendment includes a greater share of project costs that are attributable to growth compared to the 2019 plan.

KEY CONSIDERATIONS / ANALYSIS:

Staff will be recommending that the Council adopt the wastewater SDC methodology as presented in December but we are in need of feedback from the Council on how to best implement any SDC rate changes. We believe the most prudent course of action would be to allow the current queue of approved development projects to operate under the existing SDC rates and increase the rate for future

projects when additional equivalent residential units (ERUs) are allocated to the City. The current SDC rate is $14,952 and the new maximum defensible charge is $18,639. There are a variety of implementation options, including:

1. Adopt the methodology and make no changes at this time to the rate that is currently in effect
2. Adopt the methodology and make no changes to the rate that is currently in effect for projects that have already obtained land use approval; but adopt the maximum defensible SDC rate for any new projects
3. Adopt the methodology and make no changes to the rate that is currently in effect for projects that have already obtained land use approval; but adopt a series of gradual increases up to the maximum defensible SDC rate for any new projects

Staff is seeking feedback on these three potential options, and is open to feedback on any other implementation strategy the Council feels would align with their current priorities for development.

BUDGET IMPACT:

N/A

RECOMMENDATION:

Provide staff with direction on which proposed path to move forward with. Staff will be returning to Council on December 7, 2026 for a public hearing to adopt the revised SDC methodology and any desired changes to the wastewater SDC rate.

SUGGESTED MOTION LANGUAGE:

None.

LIST OF ATTACHMENTS / EXHIBITS:

- Wastewater SDC Methodology for December 7, 2026 public hearing