



STAFF REPORT

Meeting Type: City Council
Meeting Date: August 18, 2025
From: Tyler Deems, City Manager
Subject: Alternative Wastewater Systems: Discussion and Policy Direction

DECISION TO BE MADE:

Provide staff with direction on next steps for Sandy Municipal Code additions related to alternative wastewater systems.

APPLICABLE COUNCIL GOAL:

- **Goal 7.8:** Explore possible alternative wastewater treatment systems to facilitate targeted economic development under the moratorium.

BACKGROUND / CONTEXT:

As initially discussed with the City Council on [November 4, 2024](#), and then again on [March 17, 2025](#), staff is seeking to implement alternative wastewater systems municipal code modifications to facilitate targeted economic development while the moratorium is in effect. When this topic was first discussed in late 2024, staff had been approached by two property owners who own land on/near Industrial Way and Champion Way. Both of these properties are zoned 'industrial.' In addition, there was an initial focus towards advancing Goal 3 of the [Economic Development Strategic Plan](#), which is specific to metals manufacturing. Subsequent discussion was more focused on what types of systems would be allowed, the overall review process, approval criteria (specifically designed to be more discretionary to ensure that the City's objectives are met under the new program), and specifying the terms in which future connection to the City's wastewater system would be required.

The Planning Commission held a legislative public hearing on [June 30, 2025](#). The Planning Commission recommended approval of the ordinance with the following two amendments for the City Council's consideration:

- 1) Modify Section 17.84.70.F.7. to require that porta-potties are cleaned at least twice a week.
- 2) Modify Section 17.84.70.E.1.b. to broaden the allowance for commercial and industrial uses where the general public is received. Note: The examples that were mentioned by the Planning Commission were auto parts stores and convenience stores.

The City Council held a legislative public hearing on [July 21, 2025](#). The City Council approved a first reading of Ordinance 2025-17 with a 6:1 vote, with 'Exhibit A. Code Amendments (original)' and Exhibit

B. To be clear, the first reading that was passed did not include the modifications that were recommended by the Planning Commission.

After the vote occurred, the City Attorney asked the City Council if they would like any other modifications, such as those recommended by the Planning Commission, added to Exhibit A prior to it returning for a second reading. Several members of the City Council verbally stated that they would like the code language to be modified to include the ability for 'big box retailers' to have an alternative wastewater system. This direction was not unanimous and was not included in the approval of the first reading.

On August 4, 2025, Mayor Walker indicated that staff would be bringing this topic back before the Council for further discussion and requested that any questions be forwarded to the City Manager. Those questions have been answered to the best of staff's ability at this time and are provided as an attachment to this staff report.

KEY CONSIDERATIONS / ANALYSIS:

At this time, staff is seeking clear direction on what additions, subtractions, or other modifications need to be made to Ordinance 2025-17 in order to advance the ordinance for a second reading. More specifically, staff need to better understand the desire of the Council, in terms of how broad or restrictive the ordinance should be, what economic development opportunities the Council is hoping to achieve, and whether there are any specific wastewater alternatives the Council is not comfortable with allowing. As a reminder, the list of alternatives in the ordinance is not all-encompassing, since new alternatives may be developed in the future.

Ordinance Options:

It should be noted that the Planning Commission proposed allowing alternative wastewater systems to be used in locations "where the public is generally not anticipated to use on-site restroom facilities." After reviewing this proposal further, staff believes it would be exceedingly difficult to define clear parameters around this and would not recommend this approach.

There are several paths forward, which are summarized below:

- Option 1: Approve only porta potties and grey water systems, but no other alternative wastewater systems, such as septic systems. This could also be limited to only land zoned 'industrial,' or could be expanded to include commercial land. This option aligns with the original concept, dating back to 2024. This is the most restrictive option in terms of development opportunities.
- Option 2: Approve porta potties and grey water systems, with the option to consider and approve other alternative wastewater systems, but only for businesses "where the public generally is not received." This option aligns with the original text of Ordinance 2025-17. This is what was approved with the first reading.
- Option 3: Approve porta potties and grey water systems, with the option to consider and approve other alternative wastewater systems, but expanded to include all commercial and

industrial businesses regardless of whether the public is generally received. This is the most unrestricted option in terms of development opportunities.

	Option 1	Option 2	Option 3
Residential Land?	No	No	No
Commercial Land?	Likely No	Yes	Yes
Industrial Land?	Yes	Yes	Yes
Allows porta potties and grey water systems?	Yes	Yes	Yes
Allows other systems (for example, septic tanks)?	No	Yes	Yes
Allows retail space open to the public?	No	No	Yes

Please be aware that other regulatory agencies may require applications and approval for alternative wastewater systems. The City has no ability to guarantee that another regulatory agency would approve an application and potential property owners seeking to develop their property and use an alternative wastewater system should do their due diligence to ensure that the alternative system is appropriate and will be approved by the appropriate regulatory agency.

It should also be noted there appeared to be some confusion as to how long an alternative system, specifically a septic system, could remain in use before the property owner would be required to vacate the alternative system and connect to the City's wastewater system. Ordinance 2025-17, as written, would allow for that timeline to be determined and solidified by the Council in the final approval of the alternative treatment solution. For example, a property owner could apply to install a septic system and argue that the system has a useful life for 40 years. The Council could, after reviewing all the information, determine that the useful life of that system is only 20 years. Upon the expiration of 20 years, the property owner would be required to connect to the City's wastewater system, pay any related system development charges, and be subject to monthly utility charges for their usage.

BUDGET IMPACT:

Staff has received several questions regarding the financial impact to the City, should an alternative wastewater system ordinance be adopted. While these questions are extremely difficult to answer, some information is provided below. Please be aware that the underlying assumptions for number of equivalent residential units (ERUs), and water consumption, are estimates and impossible to accurately calculate until an actual application for development is received by staff. This information is intended to provide the Council with a rough order of magnitude and is subject to change upon receipt of actual development applications.

System Development Charges (SDCs)

SDCs are one-time fees that are charged at the time that permits are issued by the Building Division. The City of Sandy currently assesses SDCs for water, wastewater, and transportation for commercial and industrial development. Park SDCs are currently only assessed for residential development.

Below are estimated SDC charges for two example types of businesses:

	Small Industrial Business	Big Box Retailer
Water	\$147,819	\$461,935
Wastewater	\$56,768	\$383,184
Transportation	\$81,330	Unknown; it could be in the millions of dollars

Assuming the proposed business elected to use an alternative wastewater system, the amount of lost SDC revenue for the Wastewater Fund could range from \$57,000 to \$383,000 in the short-term. However, the business would eventually be required to connect to the wastewater system and would be required to pay SDCs at the time of connection. Water and transportation SDCs would be collected with issuance of the building permit at today's rates.

Utility Charges

The City of Sandy bills monthly for utility services. Charges that appear on the monthly City utility bill include water, wastewater, stormwater, public safety fee, and SandyNet, if applicable. Water and wastewater charges are based on consumption, while the other charges are a flat fee.

Below are estimated monthly utility bills for two example types of businesses:

	Small Industrial Business	Big Box Retailer
Water	\$260	\$3,400
Wastewater	\$430	\$2,300
Stormwater	\$231	\$1,900
Public Safety Fee	\$12.50	\$12.50
SandyNet	\$67.00	\$67.00 (likely much higher)

Assuming a useful life of 20 years for any alternative wastewater system, the amount of lost utility rate revenue for the Wastewater Fund could range from approximately \$103,000 to \$552,000.

Property Tax Revenue

Determining property tax value is extremely difficult. For purposes of these estimates, staff have reviewed similarly sized projects in terms of property size and building square footage.

Below is an example of annual property tax payments to the City and Urban Renewal District:

	Small Industrial Business	Big Box Retailer
City of Sandy	\$5,000	\$95,000
Urban Renewal District	\$1,500	\$37,000

**NOTE* this is not the total property tax bill*

Advanced Financing Reimbursement District

Depending on the location of the development, repayment to the City for the advanced financing reimbursement district may be required. This District is the Bell Street / 362nd Avenue area and has a

total value of \$2,480,935. Assuming that the entirety of the District is developed, the full \$2,480,935 would be remitted to the Street Fund, replenishing street maintenance dollars that were allocated to construction. These funds could be used for future reinvestment in local roads or reserved for future capital projects.

Transit Tax Revenue

New businesses would also be subject to paying quarterly payroll tax to fund the City's local transit system. Below is an example of annual Transit Tax revenue based on full-time employment with an average wage of \$30 per hour:

	Small Industrial Business	Big Box Retailer
Number of Employees	30	250
Annual Transit Tax Revenue	\$11,000	\$94,000

Each new business would also pay an annual business license fee of \$85.

RECOMMENDATION:

Discuss the various options and provide staff with clear direction as to what modifications, if any, should be reflected in Exhibit A of Ordinance 2025-17. Once clear direction is received, staff will prepare a final Exhibit A for Ordinance 2025-17 and bring to Council for a second reading and adoption.

LIST OF ATTACHMENTS / EXHIBITS:

- Attachment 1: Ordinance 2025-17 (as adopted with first reading)
 - Exhibit A: Code Language
 - Exhibit B: Findings
- Attachment 2: Responses to questions and comments regarding alternative treatment