



# STAFF REPORT

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**Meeting Type:** City Council  
**Meeting Date:** April 6, 2026  
**From:** Tyler Deems, City Manager  
**Subject:** Resolution 2026-07 – Amending Water SDC CIP List

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## DECISION TO BE MADE:

To amend the capital improvement plan (CIP) list.

## APPLICABLE COUNCIL GOAL:

- **Goal 7.5.1:** Update water system development charges

## BACKGROUND / CONTEXT:

On [March 17, 2025](#), the City Council adopted an updated methodology for Water and Wastewater System Development Charges (SDCs), which incorporated the most current project information at that time for the various water and wastewater capital projects. On [April 7, 2025](#), the City Council adopted Resolution 2025-13, revising the Water and Wastewater SDC rates.

Since that time, staff has worked with our legal team from Beery, Elsner & Hammond, LLP and consultants from FCS Group to revise the methodology for both the Water and Wastewater SDCs to ensure that the methodology is clear and defensible. This revised methodology is being presented to City Council for adoption in an earlier portion of tonight's meeting.

On [March 2, 2026](#), the City Council received an update regarding the various projects within the Water utility, which included bids for two projects, specifically S.3 and S.4 of the Water Master Plan, coming in less than what was originally expected in the planning phase. As a result, these projects are currently forecasted to come in significantly under budget. This resolution would make associated revisions to the CIP listing for the Water SDC. If adopted, these revisions would result in a lower maximum defensible Water SDC than is reflected in the revised methodology.

## KEY CONSIDERATIONS / ANALYSIS:

The revised Water SDC methodology being presented in an earlier portion of tonight's meeting contains a complete listing of anticipated projects that were previously identified in the [Waster Master Plan](#) that was adopted on [December 5, 2022](#):

#	Category	Description
R.1	Storage	5.0 MG Additional Storage
R.2	Storage	Storage Siting Study
R.3	Storage	Reservoir Seismic and Condition Assessment
PS.1	Pump Station	Terra Fern Pump Station Upgrades
PS.2	Pump Station	Vista Loop Pump Station
D.1	Distribution	Bluff Rd. Fire Flow Improvements
D.2	Distribution	Hood St. Fire Flow Improvements
D.3	Distribution	Mitchell Ct. Fire Flow Improvements
D.4	Distribution	Seaman Ave Fire Flow Improvements
S.1	Supply	Near-Term Alder Creek WTP Improvements
S.2	Supply	Short-Term Alder Creek WTP Assessment
S.3	Supply	Alder Creek WTP Improvements
S.4	Supply	PWB Filtered Water Supply Connection
S.5	Supply	Long-Term Supply Study
M.1	Other	Water System Master Plan Update
M.2	Other	Water Management and Conservation Plan
M.3	Other	Annual Replacement Budget
M.4	Other	Water Service Meter Replacement
M.5	Other	SCADA Master Plan
M.6	Other	SCADA Upgrades (Pelim. Budget Placeholder)

Two of these projects are currently under construction and are expected to be completed for significantly less than the originally estimated cost. These projects are:

- S.3: Alder Creek WTP Improvements
- S.4: PWB Filtered Water Supply Connection

	2024 Estimated Cost	2026 Projected Cost	Anticipated Savings
<b>S.3 Alder Creek WTP</b>	43,495,742	22,086,633	21,409,109
<b>S.4 PWB Water Supply</b>	40,742,115	29,623,847	11,118,268

With these revisions, the total cost of the CIP list would become \$139,523,712, of which \$45,455,758 is SDC eligible.

No other amendments are being proposed to the CIP list at this time. Projects S.3 and S.4 are currently underway. Other projects identified in this listing are scheduled for future years and have not been put out to bid. As such, we are continuing to use the best project cost estimates that we have available at this time. If further modifications are required in the future, the CIP list may be updated at that time.

The current maximum defensible Water SDC is \$18,477. The amended CIP list would reduce this number to \$12,766, or a reduction of \$5,711.

**BUDGET IMPACT:**

N/A

**RECOMMENDATION:**

Staff recommends adopting the amended Water SDC CIP list as identified in Resolution 2026-07.

**SUGGESTED MOTION LANGUAGE:**

“I move to adopt Resolution 2026-07”

**LIST OF ATTACHMENTS / EXHIBITS:**

- Resolution 2026-07
  - Exhibit A