



STAFF REPORT

Meeting Type: City Council
Meeting Date: May 18, 2026
From: Josh Soper, City Attorney
Subject: PUBLIC HEARING: Resolution 2026-04 - Revised Moratorium Planning for Future Capacity

DECISION TO BE MADE:

Whether to adopt a revised moratorium to address anticipated future wastewater system capacity and make other changes and clarifications.

APPLICABLE COUNCIL GOAL:

- **Goal 6.1:** Develop a clear policy for ERU allocation that is strategically aligned with the City's interests.

BACKGROUND / CONTEXT:

The City first enacted a development moratorium relating to capacity issues with its wastewater treatment system on October 3, 2022 (Moratorium 1.0) prior to entering the Consent Decree with EPA and DEQ relating to those same issues. Since that time, the City has periodically enacted replacement moratoria as circumstances change, generally to loosen restrictions or provide improved flexibility as much as possible.

This resolution is a continuation of those efforts. It would have the effect of adopting a new moratorium and repealing the existing moratorium, rather than being an extension of the existing moratorium, because state law requires a new moratorium be adopted in order to make any modifications to the moratorium terms.

KEY CONSIDERATIONS / ANALYSIS:

Staff is bringing forward a resolution to establish a replacement development moratorium (Moratorium 5.0) that would primarily make the following changes:

1. Adopt a "Development Allocation Program (DAP)." The DAP is a detailed program that provides a framework for distribution of wastewater system capacity to developments as it becomes available in the future. During the period this moratorium is in effect, the City anticipates receiving approval from EPA and DEQ to access an additional 190 ERUs of wastewater system capacity based on improvements the City has been making to its wastewater system. The DAP would apply to that capacity, as well as any other capacity that becomes available for

distribution because previous capacity allocations have expired. The DAP is based on an analysis of the City's development needs and forecasted growth, which is included as an exhibit to the attached resolution.

2. Align the expiration dates of existing ERU allocations through one final time extension.
3. Clarify provisions relating to ERUs set aside for emergency purposes (e.g. failed septic systems) and a small number remaining in the duplex pool.
4. Minor housekeeping and clarifications.

BUDGET IMPACT:

As compared to the moratorium currently in effect, this moratorium is expected to have a difficult to quantify, but positive, budgetary impact through reduced litigation risk, increased Development Services Department fee revenue from developments that move forward, increased property values which will result in more property tax revenue, and revenue from utility services on properties that are developed.

RECOMMENDATION:

Staff recommends the City Council approve Resolution 2026-04.

SUGGESTED MOTION LANGUAGE:

"I move to adopt Resolution 2026-04."

LIST OF ATTACHMENTS / EXHIBITS:

1. Resolution 2026-04
 - a. Exhibit A: Findings of Fact
 - b. Exhibit B: Sandy Development Allocation Program (DAP) Methodology
2. Public testimony received in advance of hearing:
 - a. Letter from All County Surveyors & Planners Inc: 4/9/26