

CITY OF SEATTLE
ORDINANCE 127223
COUNCIL BILL 120966

AN ORDINANCE relating to Seattle Public Utilities; revising, consolidating, and enacting provisions related to system development charges for water, sewer, and drainage infrastructure; adding a new Subtitle VI to Title 21 of the Seattle Municipal Code; adding a new Chapter 21.65 to the subtitle; adding a new Section 21.65.010 to the Seattle Municipal Code; relocating Sections 21.04.105, 21.04.115, and 21.04.125 of the Seattle Municipal Code into the chapter and further amending the sections; and amending Section 21.04.465 of the Seattle Municipal Code.

WHEREAS, RCW 35.92.025 authorizes a municipal utility to require charges so impacts from development bear their equitable share of the cost of the water, sewer, or drainage system, in addition to fees charged for establishing the installation of pipes, meters, and appurtenances to the system; and

WHEREAS, development may contribute to the distribution or collection system in one of several ways, e.g., by installing a standard water, sewer, or drainage main or paying a cash contribution equal to their equitable share of the cost of the system to Seattle Public Utilities; and

WHEREAS, development is not currently required to pay a drainage or sewer system development charge, and thus development does not bear its equitable share of the cost of the system; and

WHEREAS, Seattle has historically had the lowest development charges in the region, leading to inequities among development projects, with a small portion of property owners paying a large share of system expansion through the construction of mainline extensions; and

WHEREAS, Seattle Public Utilities is revaluing the system to rebalance how much properties are asked to contribute, as part of its effort to expand its water and sewerage system to

1 accommodate the population growth the city has experienced and will continue to
2 experience; and

3 WHEREAS, this legislation is part of a package of three Council Bills to accomplish the goal of
4 amending the system development charges within Seattle Public Utilities and all three
5 bills are connected and should be considered as one package; and

6 WHEREAS, Seattle Public Utilities requires financial and personnel resources to support the
7 work associated with system development charges and participation in financing of water
8 and sewer facilities; NOW, THEREFORE,

9 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

10 Section 1. A new Subtitle VI of the Seattle Municipal Code is added to Title 21 as
11 follows:

12 **Subtitle VI SEATTLE PUBLIC UTILITIES SYSTEM DEVELOPMENT**

13 Section 2. A new Chapter 21.65 of the Seattle Municipal Code is added to Subtitle VI of
14 Title 21 as follows:

15 **Chapter 21.65 SYSTEM DEVELOPMENT CHARGES**

16 Section 3. A new Section 21.65.010 is added to the Seattle Municipal Code as follows:

17 **21.65.010 Authority**

18 In accordance with RCW 35.92.025 and the requirements of this Chapter 21.65, and in
19 conjunction with activity requiring a development permit, the General Manager/CEO of Seattle
20 Public Utilities is authorized to charge property owners a system development charge in order
21 that such owners bear the equitable share of the cost of the water, sewer, and drainage systems.
22 Such charges shall be considered revenue of each respective enterprise fund. Pursuant to Chapter
23 3.02, the General Manager/CEO is further authorized to adopt rules to implement the

requirements of this Chapter 21.65, including rules governing the application, form, and processing of system development charges.

Section 4. Sections 21.04.105, 21.04.115, and 21.04.125 of the Seattle Municipal Code, enacted by Ordinance 121443, are renumbered and further amended as follows:

~~((21.04.105 Connection))~~ 21.65.020 System development charge

A. In addition to ~~((water service))~~ installation fees and charges required by ordinance or administrative rule, the owner of a property ~~((seeking either for the first time to connect that property to the water distribution system for any water purposes, or to expand existing water service))~~ shall pay a ~~((connection))~~ system development charge ~~((prior to connection))~~ pursuant to Section 21.65.040.

B. A property may be exempt from paying the ~~((connection))~~ system development charge in circumstances where an equivalent contribution is made at the time the owner of the property is ~~((seeking to connect or reconnect to the water system))~~ otherwise required to pay the system development charge, such as the construction of a water, sewer, or drainage main accepted by Seattle Public Utilities as part of its distribution or collection system. Any such exemptions for equivalent contributions shall be defined in Seattle Public Utilities Director's Rules and Policies~~((, which may be amended from time to time by the Director))~~.

C. The collection of ~~((a connection))~~ system development charge(s) ~~((to serve a single family residence))~~ for accessory dwelling units or for any dwelling unit added to a property zoned Neighborhood Residential may be deferred with interest until the time of sale or transfer of property at the request of an owner who meets both of the following criteria: (1) is economically disadvantaged, defined as having a household income at or below 80 percent of area median income, as most recently determined by the United States Department of Housing

1 and Urban Development for the Seattle Metropolitan Statistical Area ~~((as defined in subsection~~
2 ~~20.12.020.B))~~; and (2) also owns and occupies a dwelling unit on the property ~~((the residence~~
3 ~~which will be connected to the water distribution system))~~. Interest on the principal will be
4 calculated at the rate of 150 basis points (1.5 percent) added to the yield for ten-year U.S.
5 Treasury Constant Securities (e.g., if the yield is 5.02 percent, the interest charge would be 6.52
6 percent). The interest rate shall be fixed for the duration of contract, using the Treasury yield for
7 the most current month listed on the Federal Reserve's internet website,
8 federalreserve.gov/datadownload/Choose.aspx?rel=H15, or successor website, or other source.
9 The rate will be determined at the time the finance contract is signed by the property owner.
10 Such contract shall provide that any unpaid balance may be paid off in full at any time. All
11 charges, including interest so deferred, shall become a lien against the property and shall be
12 recorded by the ~~((Director))~~ General Manager/CEO of Seattle Public Utilities in the King County
13 Recorder's Office at the expense of the property owner, and such deferred payment shall be due
14 and payable in full at the time of sale or transfer of the dwelling unit subject to the system
15 development charge(s) ~~((property))~~ or at the time the property ceases to be used as a ~~((single~~
16 ~~family residence))~~ dwelling unit.

17 ~~((21.04.115))~~ **21.65.030 Payment of ((connection)) system development charge**

18 The ~~((connection))~~ system development charge shall be paid either in cash~~((;))~~ or under an
19 installment contract. An installment contract shall provide for a down payment of a minimum of
20 ~~((1/40))~~ 25 percent of the total ~~((connection))~~ system development charge, payable upon
21 execution of such contract, and for ~~((payment of))~~ the unpaid balance ~~((in equal installments of~~
22 ~~the unpaid balance payable at specified intervals throughout the term of the contract, together~~
23 ~~with interest as provided in this section))~~ , together with interest as provided in this Section

1 21.65.030, to be payable 24 months after the date of execution or at the time of sale or transfer of
2 the property, whichever is earlier. Interest on the principal will be calculated at the rate of 150
3 basis points (1.5 percent) added to the yield for ten-year U.S. Treasury Constant Securities (e.g.,
4 if the yield is 5.02 percent, the interest charge would be 6.52 percent). The interest rate shall be
5 fixed for the duration of contract, using the Treasury yield for the most current month listed on
6 the Federal Reserve's internet website, federalreserve.gov/datadownload/Choose.aspx?rel=H15,
7 or successor website, or other source. The rate will be determined at the time the finance contract
8 is signed by the property owner. Such installment contract shall be no more than ~~((ten))~~ two
9 years in duration and shall provide that any unpaid balance may be paid off in full at any time.
10 Such contract shall include a provision that in the event of failure to pay the required
11 installment~~((s))~~, the ~~((Director))~~ General Manager/CEO of Seattle Public Utilities may
12 disconnect the City's water service from and refuse to supply water to the premises until the
13 unpaid installment~~((s are))~~ is paid. ~~((In addition, the))~~ The installment contract shall become a
14 lien against the property and shall be recorded by the ~~((Director))~~ General Manager/CEO of
15 Seattle Public Utilities in the King County Recorder's Office at the expense of the property
16 owner, and ~~((such deferred payment))~~ any unpaid balance together with interest shall be due and
17 payable in full at the time of sale or transfer of the property and shall be paid by the seller.

18 ~~((21.04.125))~~ **21.65.040 Calculation of the ((connection)) system development charge**

19 A. The ((connection)) system development charge shall be calculated as the product of
20 ~~((Connection Charge Units (CCU) and Connection))~~ the System Development Customer
21 Equivalent (SDCE) and the System Development Charge Unit Rate ((CCUR)) (SDCUR).

22 B. The ((CCU)) Water or Wastewater SDCE is a measure of the size of the new water
23 service ((connection or connections)) or the increase in ((the)) size of an existing ((connection or

connections)) service. ~~((The CCU is the aggregation of the new retail service connections being requested by the owner (or the requested connections for existing services)))~~ In calculating the Water or Wastewater SDCE, services are weighted by ((their)) hydraulic ((capacities)) capacity and expressed as a multiple of a single 3/4-inch domestic service ((connection)).

C. The Drainage SDCE is a measure of the increase in the amount of hard surface from pre-development to post-development. The SDCE is expressed as a multiple of 1,000 square feet.

D. The ~~((CCUR represents))~~ Water SDCUR is the ~~((equity))~~ original value of the water system, ~~((as represented by the total asset value of the system))~~ less the value of service meters, less the value of spent outstanding bonds as detailed in the Water Fund's annual financial statement, plus five years of interest from the date of asset service, attributable to a single customer with ~~((a))~~ an equivalent 3/4-inch water service.

E. The Wastewater SDCUR is the original value of the sewer system less the value of spent outstanding bonds as detailed in the Drainage and Wastewater Fund's annual financial statement, plus five years of interest from the date of asset service, attributable to a single customer with an equivalent 3/4-inch water service.

F. The Drainage SDCUR is the original value of the drainage system less the value of spent outstanding bonds as detailed in the Drainage and Wastewater Fund's annual financial statement, plus five years of interest from the date of asset service, attributable to 1,000 square feet of hard surface.

G. Interest for each asset shall be based on the annual average of the Revenue Bond Buyer's Index for the year the asset is placed in service.

H. Measurement of the ~~((CCU))~~ SDCE and administration of the ~~((connection))~~ system development charge will conform to adopted Director's Rules and Policies.

1 I. The General ~~Manager~~/CEO shall develop and update the SDCUR with the
2 development of retail service rates. Updates to the SDCUR shall make use of the most recent
3 audited financial statements for the system type.

4 Section 5. Section 21.04.465 of the Seattle Municipal Code, last amended by Ordinance
5 121443, is amended as follows:

6 **21.04.465 Standard ~~((connection,))~~ and administrative charges**

7 A. The ~~((Director))~~ General Manager/CEO shall develop and update annually a schedule
8 of charges for standard, recurring services which are incidental to the sale of water. Such charges
9 shall be based on a review of the prevailing actual costs for providing these services.

10 ~~((B. The Director shall develop and update annually the Connection Charge Unit Rate~~
11 ~~(CCUR). Updates to the CCUR shall make use of the most recent audited financial statements~~
12 ~~for the water system.~~

13 ~~€.)~~ B. The ~~((Director))~~ General Manager/CEO may establish reasonable administrative
14 charges for: handling dishonored checks, money orders, or other instruments; fees for turning
15 water on or off; charges for delinquent accounts and for related field visits; charges for meter
16 tests, hydrant flow tests, and hydrant use; fees for customer statements of prior billings; charges
17 for utility crossing permits; and ~~((for))~~ other services not encompassed in the schedule of
18 standard charges.

19 ~~((D.))~~ C. Any standard charges, including administrative charges, shall be developed and
20 adopted pursuant to the provisions of Chapter 3.02.

21 ~~((E.))~~ D. Administrative charges and interest rates developed and adopted pursuant to
22 subsection ~~((21.04.465-D))~~ 21.04.465.C shall apply to all delinquent sewer and solid waste

charges that are assessed through the combined utility bill; provided that interest rates shall not exceed the maximum rate allowed by law. See RCW 35.67.200.

Section 6. This ordinance shall take effect on January 1, 2026.

Passed by the City Council the 3rd day of June, 2025,
and signed by me in open session in authentication of its passage this 3rd day of
June, 2025.



President _____ of the City Council

☒ Approved / ☐ returned unsigned ☐ vetoed this 6th day of June, 2025.



Bruce A. Harrell, Mayor

Filed by me this 6th day of June, 2025.



Scheereen Dedman, City Clerk

(Seal)