



Director's Rule

Title		Number	Rev. no.
Utility System Development Charges—Requirements and Methodology		FIN-219	0
Responsibility		Supersedes	Pages
Financial and Risk Service Branch		WTR-436	6
General Manager/CEO Signature	Approved	Effective	
/s/ Andrew Lee (electronic signature on file)	December 10, 2025	January 1, 2026	

A. PURPOSE & OVERVIEW

To establish rules for Seattle Public Utilities (SPU) to charge property owners a system development charge (SDC) in SPU's direct service area, typically in conjunction with development. The SDC is an equitable share of the cost of the water, drainage, and wastewater system pursuant to Seattle Municipal Code (SMC) 21.65 System Development Charges. Water and wastewater SDCs are both based on the water meter size. The drainage SDC is based on the increase in hard surface.

B. DEFINITIONS

Drainage System Development Customer Equivalent (SDCE). 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 (SMC 21.65.040.C).

Drainage System Development Charge Unit Rate (SDCUR). 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 (SMC 21.65.040.F). Refer to Director's Rule FIN-220.2, Development Charges, for current SDCURs.

Hard Surface. "Hard surface" means an impervious surface, a permeable pavement, or a vegetated roof (SMC 22.801.090).

Impervious surface. "Impervious surface" means any surface exposed to rainwater from which most water runs off. Impervious surfaces include, but are not limited to, roof tops, walkways, patios, driveways, formal planters, parking lots or storage areas, concrete or asphalt paving, areas with underdrains designed to remove stormwater from subgrade (e.g. playfields, athletic fields, rail yards), gravel surfaces subjected to vehicular traffic, compact gravel, packed earthen materials, and oiled macadam or other surfaces which similarly impede the natural infiltration of stormwater (SMC 22.801.100).

System Development Charge (SDC). The system development charge shall be calculated as the product of the System Development Customer Equivalent (SDCE) and the System Development Charge Unit Rate (SDCUR) (SMC 21.65.040.A). Water SDCs are calculated, when applicable, for all new construction in SPU's direct water service area. Drainage and wastewater SDCs are calculated, when applicable, within the City of Seattle limits, unless otherwise authorized by an Out of City Sewer Agreement (SMC 21.20; RCW 35.67.310).

Water or Wastewater SDCE. The Water or Wastewater SDCE is a measure of the size of the new water service or the increase in size of an existing service. In calculating the Water or Wastewater SDCE, services are weighted by hydraulic capacity and expressed as a multiple of a single 3/4-inch domestic service (SMC 21.65.040.B).

Water SDCUR. The Water SDCUR is the original value of the water 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 an equivalent 3/4-inch water service (SMC 21.65.040.D). Refer to Director's Rule FIN-220.2, Development Charges, for current SDCURs.

Wastewater SDCUR. 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 (SMC 21.65.040.E). Refer to Director's Rule FIN – 220.2, Development Charges, for current SDCURs.

Utility Main Designed to Serve a Property. A water, drainage, and/or wastewater main either abutting the property or located as close to the property as possible, considering barriers such as slope, soil, or other conditions which make it unsafe or impractical to bring the system closer to the property.

For other terms related to this rule, refer to Directors Rule WTR-440, Requirements for Water Service for Water Service; SMC 21.16.030, Side Sewers--Definitions; and SMC 22.801, Stormwater Code--Definitions.

C. GENERAL RULES

1. **Payments:** Property owners charged SDC(s) per SMC 21.65 shall pay in one of the following ways:
 - a) Paying the current SDC(s) in full at the time of water service or side sewer permit invoice payment,
 - b) Signing an installment contract and providing a down payment of a minimum of 25 percent of the total SDC(s), payable upon execution of such contract. The unpaid SDC balance, together with interest as provided in SMC 21.65.030, is due within 24 months after the date of contract execution or at the time of sale or transfer of the property, whichever is earlier, or
 - c) Signing a finance contract with SPU for deferred payment of the SDC(s) together with interest for economically disadvantaged homeowners who own and occupy a dwelling unit on the property, zoned Neighborhood Residential, as provided in SMC 21.65.020.C.
2. **Exemptions:** Property owners are not required to pay or may pay reduced SDC(s) if:

a) Designing and installing a water, drainage, and/or wastewater main as a result of development requirements for SPU ownership and operation. The SDC is only waived for the applicable main that is installed. If a valve or other appurtenance is installed as an alternative to a main extension, the SDC is still applied (e.g., a water valve is installed as an alternative to a water main extension).

Examples: If, as a result of development requirements, a property owner is required to design and install:

- i. A water main, then SPU will not charge the water SDC for the properties owned by that owner, or owners, which will be served by the segment of water main so designed and installed. A wastewater and drainage SDC will be charged, if applicable.
- ii. A wastewater main, then SPU will not charge the wastewater SDC for the properties owned by that owner, or owners, which will be served by the segment of wastewater main so designed and installed. A water and drainage SDC will be charged, if applicable.
- iii. A piped public drainage system (Public Storm Drain (PSD)), then SPU will not charge the drainage SDC for the properties owned by that owner, or owners, which will be served by the segment of drainage main so designed and installed. A water and wastewater SDC will be charged, if applicable.

b) Contributing an equitable share to the water, drainage, and/or wastewater main costs designed to serve the property and installed by another property owner(s) or entity as evidenced by written documentation to SPU by the property owner who installed the main at the time of design and construction, such as a payment by a benefitting parcel of a latecomer agreement (refer to Director's Rule ENG-420 – Utility Latecomer Agreements & Municipal Assessment Reimbursement Areas for Construction of Utility System Improvements) if that payment is greater than the SDC owed. If that payment is lower than the SDC, the SDC is reduced by that payment amount, or

c) Contributing to a Local Improvement District for installation of the water, drainage, and/or wastewater main.

3. Exclusions: Property owners are not required to pay an SDC(s) when SPU (or other entity) replaces or extends an existing utility main fronting a property unless that property otherwise triggers SDCs per Rules: Section D (Water and Wastewater SDCs) or Section E (Drainage SDCs) of this Director's Rule. For example, SPU replaces an existing water main and transfers the existing water services.

D. WATER AND WASTEWATER SDC

1. Applicability: Unless otherwise not required per Section 3.B. (Exemptions), SPU will compute and charge, unless otherwise noted, both water and wastewater SDCs when:
 - a) The property owner requests:
 - i. New domestic or combination water services size for a property.
 - ii. New irrigation-only services. SPU will not charge a wastewater SDC on new irrigation-only services. If an irrigation-only service is converted to a domestic service, the wastewater SDC will apply.
 - iii. New fire service size. SPU will not charge a wastewater SDC on new fire services. If a fire service is converted to a domestic or combination service, the

wastewater SDC will apply (refer to Director's Rule WTR-450—Changes to Existing Water Services).

- iv. Conversion of an existing two-inch combination or domestic water service to a two-inch high flow service.
- v. An increase in the size of a water service which is considered a new water service and a retirement of the existing water service.

b) The property owner is required by SPU to order a separate water service for a property that is currently being served by a water service of another property.

2. SDC Calculation Steps:

- a) The water and wastewater SDCs are the multiplication of the SDC Unit Rate (SDCUR) and the SDC Customer Equivalent (SDCE) (Table 1 below) for a given water service (meter). Although the water and wastewater SDCs are calculated using the same SDCEs shown in Table 1, the SDCs are two separate charges, calculated based on the most current SDCURs for both water and wastewater.

Table 1: Water & Wastewater System Development Customer Equivalents (SDCE)

Water or Fire Service Size (inches)	SDCE
3/4	1.0
1	1.7
1 1/2	3.3
2	5.3
2 (high flow)	8.3
3	11.0
4	17.0
6	33.0
8	53.0
10	77.0
12	104.0
16	168.0
20	244.0
24	330.0

b) SDCE Calculation: The SDCE value per property for both water and wastewater will be calculated using the following steps and Table 1:

- Step 1: Total the SDCE of the property's current active and inactive domestic water and irrigation-only services. For wastewater SDCs, only domestic services apply.
- Step 2: Total the SDCE of the property's current active and inactive fire-only water services, then multiply the sum by 0.4. This does not apply to the wastewater SDC.

- Step 3: Choose the larger number derived from Steps 1 and 2.
- Step 4: Total the SDCE of the proposed active and inactive domestic and irrigation-only water services which will remain available to the property plus the SDCE of any additional domestic or irrigation-only water services ordered for the property. For wastewater SDCs, only domestic water services apply.
- Step 5: Total the SDCE of the proposed active and inactive fire-only water services which will remain available to the property plus the SDCE of any additional fire-only water services ordered for the property, then multiply the sum by 0.4. This does not apply to the wastewater SDC.
- Step 6: Choose the larger number derived from Steps 4 and 5.
- Step 7: If the number derived in Step 3 is the same or larger than the number derived in Step 6, then there will be no SDC calculated, resulting in a zero SDC for both water and wastewater.
- Step 8: If the number derived in Step 3 is smaller than the number derived in Step 6, the difference between the numbers is the SDCE.

c) SDC Calculation: Unless otherwise not applicable per Section 3.B (Exemptions) and Section 3.C (Exclusions) of this Director's Rule, the water and wastewater SDCs due per property will be the product of the SDCE amount derived in Step 8 above multiplied both by the water SDCUR and the wastewater SDCUR. Refer to Director's Rule FIN-220.2, Development Charges, for current SDCURs.

E. DRAINAGE SDC

1. Applicability: Unless otherwise not required per Section 3.B (Exemptions) and Section 3.C (Exclusions) of this Director's Rule, SPU will compute and charge drainage SDCs when the amount of hard surface is increased as a result of a development project.
2. SDC Calculation Steps:
 - a) The drainage SDC is the multiplication of the drainage SDCUR (Director's Rule FIN-220.2 – Development Charges) and the SDCE.
 - b) SDCE Calculation: The drainage SDCE per property is a measure of the increase of hard surface at the time of development compared to the amount of hard surface used to determine a parcel's drainage service charge under SMC 21.33 (regardless if the parcel was exempt from such drainage service charge) expressed as a multiple of 1,000 square feet. The drainage SDCE will be calculated using the following steps:
 - Step 1: Determine the amount of existing hard surface in square feet used to determine a property's drainage service charge and divide by 1,000.
 - Step 2: Total the amount of proposed hard surface in square feet and divide by 1,000.

- Step 3: If the number derived in Step 1 is the same or larger than the number derived in Step 2, then there will be no SDC calculated, resulting in a zero drainage SDC.
- Step 4: If the number derived in Step 1 is smaller than the number derived in Step 2, the difference between the numbers is the drainage SDCE amount.

c) SDC Calculation: Unless otherwise not applicable per Section B (Exemptions) and Section C (Exclusions) of this Director's Rule, the drainage SDC due per property will be the product of the drainage SDCE amount derived in Step 4 above multiplied by the drainage SDCUR. Refer to Director's Rule FIN-220.2, Development Charges, for current SDCURs.

F. AUTHORITY/REFERENCES

- Director's Rule ENG-420, Utility Latecomer Agreements & Municipal Assessment Reimbursement Areas for Construction of Utility System Improvements
- Director's Rule FIN-220.2, Development Charges
- Director's Rule WTR-440, Requirements for Water Service
- Director's Rule WTR-450, Changes to Existing Water Services
- Revised Code of Washington RCW 35.67.310, 35.91.020, 35.92.025, 80.28.080
- Seattle Municipal Code, 21.16, 21.20, 21.65, 22.801