



Memorandum

Date: 11/15/2022
Meeting of: City Council

File No. AM No. 22-176
Type: Consent Item

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Planning and Community Development	Carol Helland	425-556-2107
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DEPARTMENT STAFF:

Planning and Community Development	Seraphie Allen	Deputy Director
Planning and Community Development	Jeff Churchill	Planning Manager
Planning and Community Development	Glenn B. Coil	Senior Planner

TITLE:

Approval of an Ordinance for Development Impact Fees - 2023 Annual Indexing

- a. Ordinance No. 3098: An Ordinance of the City of Redmond, Washington, Amending Redmond Municipal Code Chapter 3.10, Subsection 3.10.080(B), Fire Impact Fees Schedule, Subsection 3.10.080(C), Park Impact Fees Schedule, Subsection 3.10.080(D), School Impact Fees, and Subsection 3.10.100(C), Transportation Impact Fee Schedule; Providing for Severability; and Establishing an Effective Date

OVERVIEW STATEMENT:

Impact fees are one-time charges collected by the City from new commercial and residential developments to fund fire, park, school, and transportation facilities needed to accommodate growth. Impact fees are authorized in RMC 3.10.

Indexing or updating Redmond’s impact fees annually allows the rates to keep pace with inflation to maintain the purchasing power of these impact fees and to help provide the capital facilities necessary to serve growth in Redmond. RMC 3.10 establishes the indexes and procedures that the City Council may apply annually to index or update Redmond’s impact fees.

The City collects school impact fees on behalf of the Lake Washington School District (LWSD) by interlocal agreement. School impact fees, calculated by LWSD, reflect a proportionate share of the costs of school-related system improvements that are reasonably related to new development.

For 2023,

- Fire impact fees will increase by 5.29%,
- Park impact fees will increase by 8.70% (*see note below*),
- Transportation impact fees will increase by 7.19%, and
- School impact fees for single-family homes will decrease by 2%, and for multifamily, will increase by 2%.

Note: staff discovered that Park impact fee rates were calculated slightly lower than they should have been in 2021 and 2022. Thus, while the index used to calculate Park impact fees increased 8.42% in the last year, the fees must be increased by 8.70% to correct the error.

Staff requests that Council adopt an ordinance to index impact fees for 2023.

Additional Background Information/Description of Proposal Attached

REQUESTED ACTION:

Receive Information **Provide Direction** **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
Comprehensive Plan policy CF-14
- **Required:**
 - Redmond Municipal Code 3.10 - Impact Fees
 - 2006 Interlocal Agreement between the City and LWSD for the Collection, Distribution, and Expenditure of School Impact Fees
- **Council Request:**
N/A
- **Other Key Facts:**
RMC 3.10 authorizes the annual indexing of impact fees.

OUTCOMES:

Impact fees:

- Contribute toward public infrastructure that is needed to accommodate population and employment growth.
- Can only be used to pay for system improvements. System improvements must be reasonably related to the new development and must benefit the new development.
- Cannot be used to pay for private facilities that solely benefit the development or to correct existing deficiencies in public infrastructure.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
October - November 2022
- **Outreach Methods and Results:**
Staff will inform the development community about the recommended impact fee adjustments. This includes direct outreach to OneRedmond, the Master Builders, the Parks and Trails Commission, and posting notices at the Development Services Center and on the City website.

- **Feedback Summary:**
No feedback received at this time.

BUDGET IMPACT:

Total Cost:

Staff working on Development Impact Fees - 2023 Annual Indexing are funded through the adopted budget.

Approved in current biennial budget: **Yes** **No** **N/A**

Budget Offer Number:

000250

Budget Priority:

Vibrant and Connected

Other budget impacts or additional costs: **Yes** **No** **N/A**

If yes, explain:

N/A

Funding source(s):

N/A

Budget/Funding Constraints:

N/A

Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
10/11/2022	Committee of the Whole - Finance, Administration, and Communications	Provide Direction
11/01/2022	Business Meeting	Receive Information

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
N/A	None proposed at this time	N/A

Time Constraints:

Changes to impact fees are effective **January 1, 2023**. Timely adoption of the fees provides staff, developers, residents, and other interested parties an opportunity to prepare for fee changes associated with the development review process and ensures that new system improvements can be funded through impact fees.

ANTICIPATED RESULT IF NOT APPROVED:

If the Council chooses not to index impact fees for 2023, the fees will remain at 2022 levels, resulting in underfunding system improvements needed to address population and employment growth.

ATTACHMENTS:

Attachment A: Ordinance Adopting 2023 Fire, Park, School, and Transportation Impact Fees