



## Memorandum

**Date:** 11/21/2023  
**Meeting of:** City Council

**File No.** AM No. 23-174  
**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	Long Range Planning Manager
Planning and Community Development	Glenn B. Coil	Senior Planner

**TITLE:**

Approval of an Ordinance for Development Impact Fees - 2024 Annual Indexing

- a. Ordinance No. 3136: 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.

Staff recommends that the City Council adopt an ordinance indexing impact fees for inflation as authorized in RMC 3.10 for fees that are set by the City.

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 also 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 2024,

- Fire impact fees will increase by 6.55%,
- Park impact fees will increase by 8.31%,
- Transportation impact fees will increase by 6.93%, and

- School impact fees will have a significant decrease in 2024. Fees for single-family homes will decrease from \$18,610 to \$5,149 per unit, and fees for multifamily units will decrease from \$3,586 to \$352.

In addition, transportation impact fees for daycares have been revised to be equal to the rates for miscellaneous retail, consistent with a change in state law.

☒ **Additional Background Information/Description of Proposal Attached**

**REQUESTED ACTION:**

☐ **Receive Information**      ☐ **Provide Direction**      ☒ **Approve**

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
Comprehensive Plan policies CF-14 and CF-17 concerning impact fees
- **Required:**  
Council approval is required for the passage of an ordinance.
- **Council Request:**  
N/A
- **Other Key Facts:**  
RMC 3.10 authorizes the annual indexing of impact fees.  
2006 interlocal agreement between the City and LWSD governs the collection, distribution, and expenditure of school 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 - December 2023
- **Outreach Methods and Results:**  
Staff will inform the development community about the recommended changes via the City's e-newsletter ("Plans, Policies and Regulations" e-news) and on the Development Service Center webpage.
- **Feedback Summary:**  
No feedback received at this time.

**BUDGET IMPACT:**

**Total Cost:**

\$4,616,401 is the total value of the Community and Economic Development offer, which funds staff work related to indexing impact fees.

Approved in current biennial budget: ☒ Yes ☐ No ☐ N/A

**Budget Offer Number:**

000040 - Community and Economic Development

**Budget Priority:**

Vibrant and Connected

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

*If yes, explain:*

N/A

**Funding source(s):**

General Fund

**Budget/Funding Constraints:**

N/A

☐ Additional budget details attached

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
11/06/2023	Committee of the Whole - Planning and Public Works	Provide Direction

**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, 2024**. 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 2024, the fees will remain at 2023 levels, resulting in underfunding system improvements needed to address population and employment growth. Not updating fees for schools would also lead to a significant overcollection of fees for the Lake Washington School District.

**ATTACHMENTS:**

Attachment A: Proposed 2024 Fire, Park, School, and Transportation Impact Fees

Attachment B: 2024 Impact Fees Indexing Ordinance