



MEMO TO: Mayor and Members of the City Council

FROM: Erika Vandenbrande, Director, Planning and Community Development

DATE: October 16, 2018

SUBJECT: Development Impact Fees Update for 2019

I. RECOMMENDED ACTION

Staff requests Council input regarding the annual indexing of impact fees and related code revisions.

II. DEPARTMENT CONTACTS

Erika Vandenbrande, Director, Planning and Community Development	425-556-2417
Jae Hill, Long Range Planning Manager	425-556-2414
Janet Lee, Planner	425-556-2411

III. DESCRIPTION/BACKGROUND

Each year the City Council has the option to update the development impact fee rates to ensure that the fees and the capital projects they help fund keep pace with inflation. The attachment to this memo summarizes the indexes and methodology used, as specified in Chapter 3.10 RMC – Impact Fees.

Development Impact Fee Indexing

The 2019 increases recommended for adoption for the various development impact fee rates are listed below, with the 2018 increase shown in parentheses for comparison.

- Transportation: +3.5% (+1.91%)
- Fire: +2.58% (+2.13%)
- Parks: +3.34%

Impact fees vary between municipalities, due to each city's unique combination of budget structure, revenue streams, and anticipated growth. Consistent with previous years, Redmond charges slightly higher than the regional average for impact fees on commercial properties and lower than the regional average on residential properties.

School Impact Fees

Redmond currently collects school impact fees established by the Lake Washington School District (LWSD) as a pass-through on behalf of the LWSD. The 2019 fees, as specified in the District's 2018-23 Capital Facility Plan (CFP), have increased to \$12,294 for a single-family home and decreased to \$624 per multifamily unit.

Outreach

Staff will reach out to the development community about the recommended fee adjustments, including direct outreach to OneRedmond, Microsoft, real estate developers, and the Master Builders Association, as well as placing a notice in the City's Permit Center.

IV. PREVIOUS DISCUSSIONS HELD

Schedule

Staff briefed the Council's Planning and Public Works Committee of the Whole on October 9, 2018, and the Business Finance and Tax Committee on September 27, 2018.

V. IMPACT

A. Service/Delivery:

The proposed changes to impact fee rates and the Municipal Code regarding impact fee collection support the City and LWSD in delivering planned improvements for fire, transportation, parks, and school infrastructure.

City Council action on the recommended 2019 impact fee rates is scheduled for December 4, 2018. If approved, the rates and related code amendments would go into effect on January 1, 2019.

B. Fiscal Note:

The proposed changes to impact fee rates include a relatively small increase in fire, transportation, and parks impact fees for the purpose of keeping pace with inflation. Updates to the school impact fees are consistent with the current LWSD Capital Facilities Plan.

VI. ALTERNATIVES TO STAFF RECOMMENDATION

Alternatives for Council are to (1) call for a study session to request additional information; (2) not update the fees, or (3) alter the fee indexing formula in RMC 3.10 through a separate code amendment process.

VII. TIME CONSTRAINTS

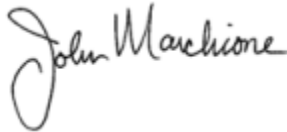
Action before January 1, 2019, is necessary for consistency with previous years' actions and with other already-adopted fees.

VIII. LIST OF ATTACHMENTS

Attachment A: Recommended 2019 Impact Fee Rates



Erika Vandenbrande, Director of Planning and Community Development



Approved for Agenda _____
John Marchione, Mayor