



Memorandum

Date: 11/10/2020
Meeting of: City Council Study Session

File No. SS 20-099
Type: Study Session

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

Planning and Community Development	Carol Helland	424-556-2107
Planning and Community Development	Beverly Mesa-Zendt, Deputy Planning Director	425-556-2423

DEPARTMENT STAFF:

Planning and Community Development	Judy Fani	Principal Planner
Planning and Community Development	Caroline Chapman	Senior Planner

TITLE:
2021 Annual Indexing of Development Impact Fees

OVERVIEW STATEMENT:

Impact fees are one-time charges collected by the City of Redmond from new commercial and residential developments. The City's municipal code authorizes the Council to update the rates annually to keep pace with inflation. Staff will continue the discussion with Council on the proposed 2021 impact fees and address questions that arose from the October 20 Council business meeting. Representatives from the Lake Washington School District (LWSD) will be present to address any further questions related to school impact fees.

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

REQUESTED ACTION:

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

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
N/A
- **Required:**
Redmond Municipal Code 3.10 Impact Fees
King County Code 21.A.43.040 - Impact Fee Collection for School Districts
2006 Interlocal Agreement (between the City of Redmond and LWSD) for the Collection, Distribution, and Expenditure of School Impact Fees
- **Council Request:**

During the October 20, 2020, Staff Report, Council requested a Study Session to address Council questions related to (1) when baseline impact fees were last updated and (2) a comparison of Issaquah's use of *mitigation* fees to fund capital needs such as government buildings, police facilities, and bicycle-pedestrian infrastructure.

- **Other Key Facts:**

Annual Indexing is more fully described in **Attachment A**.

OUTCOMES:

Impact Fees:

- Contribute toward funding public infrastructure that is needed to accommodate population and employment growth.
- Can only be used to pay for new system improvements (public facilities are intended to provide service to the community at large).
- Must be reasonably related to the new development and 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):**

Between September and November 2020

- **Outreach Methods and Results:**

As in past years, staff will inform the development community about the recommended impact fee adjustments. This includes outreach to OneRedmond, the Business, Fees, and Taxes Advisory Committee (BFTAC), Master Builders, the Parks and Trails Commission, as well as posting notices on the Development Services Center web site.

- **Feedback Summary:**

Master Builders' Gina Clark acknowledged the proposed fees and offered no feedback other than to say she was grateful to be contacted in advance of Council review on this topic. A presentation to OneRedmond's Government Affairs Committee on October 22 resulted in a robust discussion regarding school impact fees and funding of school district capital projects.

BUDGET IMPACT:

Total Cost:

N/A

Approved in current biennial budget:

☐ Yes

☐ No

☒ N/A

Budget Offer Number:

N/A

Budget Priority:

N/A

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
10/13/2020	Committee of the Whole - Planning and Public Works	Receive Information
10/20/2020	Business Meeting	Receive Information

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
12/1/2020	Business Meeting	Approve

Time Constraints:

Changes to impact fees are effective on **January 1, 2021**. Timely adoption of the fees is critical because it provides staff, developers, residents, and other interested parties guidance for the development review process and ensures that new system improvements that add capacity can be funded through impact fees.

ANTICIPATED RESULT IF NOT APPROVED:

If a decision is made to not adjust the impact fees for 2021, the fees will default to the 2020 impact fee schedule which will underfund new system improvements needed to address population and employment growth.

ATTACHMENTS:

Attachment A: Proposed 2021 Impact Fees and Rates

Attachment B: Lake Washington School District, Adopted 2020-2025 Capital Facilities Plan

Attachment C: Impact Fee Presentation