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10/15/2019	1	City Council	presented	

MEMO TO: Members of the City Council

FROM: Mayor John Marchione

SUBJECT:

2020 Annual Indexing of Development Impact Fees

I. RECOMMENDED ACTION

Receive a staff report regarding the recommended annual indexing of impact fees and related code revisions and set a date for adoption of the required fees.

II. DEPARTMENT CONTACTS

Erika Vandenbrande, Director	425-556-2497
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Beverly Mesa-Zendt, AICP, Planning Manager	425-556-2423
Judy Fani, Senior Planner	425-556-2407

Planning and Community Development Department

III. DESCRIPTION/BACKGROUND

Each year the City Council is authorized to update the development impact fee rates - for parks, fire, transportation, and school projects - to ensure that 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 recommended 2020 increases for the various development impact fee rates are listed below, with the 2019 increase shown in parentheses for comparison.

- **Fire:** 2.95% (+14.2%)
- **Transportation:** 4.97% (+42.0%)
- **Parks:** 4.00% (+19.6%)

Impact fees vary between municipalities, due to each city's unique combination of budget structure, revenue streams, and anticipated growth. Similar to last year, Redmond charges are recommended to be higher than the regional average for commercial properties, and slightly lower than the regional average fee for single-family residential, and just about average for multi-family residential.

School Impact Fees

Redmond currently collects pass-through school impact fees on behalf of the Lake Washington School District (LWSD). The District's requested school impact fees are \$13,633 per single-family unit and \$1,388 for each multifamily unit. The single-family fee is an increase of \$1,339 and the multifamily fee is an increase of \$764 over 2019 fees. The increases are due in part to construction inflation costs and increased student generation factors as fully described in the appendices of the LWSD's *2019-24 Six-Year Capital Facilities Plan*.

Outreach

Staff has been informing the development community about the recommended fee adjustments through a variety of avenues. This includes direct outreach to the Business, Fees, and Taxes Advisory Committee (BFTAC), OneRedmond, Parks, and Trails Commission, and the Master Builders, as well as notice in the City's website and at the City's Permit Center.

IV. PREVIOUS DISCUSSIONS HELD

Staff briefed the Business Finance and Tax Committee on October 1, 2019, and the Council's Planning and Public Works Committee on October 8, 2019.

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.

B. Fiscal Note:

The proposed changes to impact fee rates will allow increases 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

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

VII. TIME CONSTRAINTS

Changes to the fees are effective on **January 1, 2020**. Timely adoption of the fees is critical as it provides staff, developers, residents and other interested parties guidance for the development review process

VIII. LIST OF ATTACHMENTS

Attachment A: Proposed 2020 Transportation, Fire, Parks and School Impact Fee Rate

Attachment B: Presentation