



City of Stanwood  
10220 270<sup>th</sup> Street NW  
Stanwood, Washington 98292

**NOTICE OF APPLICATION**

**Project:** Impact Mitigation Fee Code Amendment  
**File Number:** Code Amendment 2019-0159 Impact Mitigation Fees  
**Applicant:** City of Stanwood  
**Date of Notice of Application:** January 11, 2022

**Project Description:** The City of Stanwood has initiated a code amendment to amend portions of Stanwood Municipal Code Title 17, Zoning amending the City’s Impact Mitigation Fee regulations to update the park impact fee regulations and create separate chapters of the municipal code for traffic, park and fire impact fees. This project was previously circulated for public review in 2019, but due to Covid-19 adoption of the ordinance was delayed. The City is recirculating the notice and proposed changes for public comment.

**How to View the Project:** All materials pertaining to this project may be examined online at [www.stanwood.wa.org](http://www.stanwood.wa.org) under public notices.

**Notice of Application Public Comment Period:** Any person may comment on this application by writing to the mailing address or email address below. Comments on this application must be received by **4:30 PM on Wednesday, January 26, 2022.**

**How to become a party of record:** You may become a party of record by submitting written comments, including a (USPS) mailing address, to the City of Stanwood Community Development at the address listed below. E-mailed comments must include a return (USPS) mailing address in order for the sender to be considered a party of record. Questions about this proposal, requests to receive future notices of the decision, once made, and/or appeal procedures should be directed to the contact person listed below. The application and complete case file are available for review at the City of Stanwood Community Development Department. A decision on this application will be made within 120 days from the date of completeness.

**For further information:** Patricia Love, Community Development Director, 360-454-5206,  
[patricia.love@ci.stanwood.wa.us](mailto:patricia.love@ci.stanwood.wa.us)  
10220 270th Street NW, Stanwood, WA 98292

**Published:** January 11, 2022



City of Stanwood  
10220-270<sup>TH</sup> Street NW  
Stanwood, WA 98292

## REQUEST FOR COMMENTS

### IMPACT MITIGATION FEE CODE AMENDMENT

## NARRATIVE STATEMENT

**FILE NO.:** Code Amendment 2019-0159 Impact Mitigation Fees

**PROPONENT:** City of Stanwood

**PROJECT NAME:** Impact Mitigation Fee Code Amendment

**PROJECT SUMMARY:** The City of Stanwood has initiated a code amendment to amend portions of Stanwood Municipal Code Title 17, Zoning amending the City's Impact Mitigation Fee regulations to update the park impact fee regulations and create separate chapters of the municipal code for traffic, park and fire impact fees.

**PROJECT DESCRIPTION:**

One of the City's 2021 / 2022 work items is to review and update the City's impact mitigation fees consistent with the most currently adopted capital improvement plan (CIP) and those costs associated with the acquisition and development projects listed on the CIP.

Changers to the code include:

1. **Traffic:** Revised SMC Chapter 17.151; removes references to park and fire impact fees; and amends the time period to expend fees from 6 years to 10 years in accordance with state law.
2. **Parks:** New SMC Chapter 17.152; adopts a new chapter of the municipal code specific code park impact fees and:
  - Allows the fee to be updated annually or bi-annually by resolution with the adoption of the Park CIP;
  - Includes general references that allow application of the most current CIP construction costs and Office of Financial Management demographic data so that the fee can be updated annually without amending the fee formula in city code;
  - Updates the use term from 6 years to 10 years.
3. **Schools:** Existing SMC Chapter 17.153; this chapter remains unchanged.
4. **Fire:** New SMC Chapter 17.154; deletes all reference to the fee and formula and provides that if the fire authority requests that the city adopt a fee that the formula be developed and an amendment to the code be adopted. This change reflects the recent vote by city residents to annex into the North County Regional Fire Authority.



City of Stanwood  
10220 270th Street NW  
Stanwood, Washington 98292

State Environmental Policy Act  
Notice of Determination of Non-Significance DNS

**PROJECT:** Impact Mitigation Fee Code Amendment  
**FILE NUMBER:** 2019-0159  
**PROPONENT:** City of Stanwood  
10220 270<sup>th</sup> Street NW  
Stanwood, WA 98292  
**DATE OF ISSUANCE:** February 18, 2020  
**LEAD AGENCY:** City of Stanwood, Washington

**DESCRIPTION OF PROPOSAL:** The City of Stanwood has initiated a code amendment to amend portions of Stanwood Municipal Code Title 17 amending the City's Impact Mitigation Fee regulations.

**LOCATION OF PROPOSAL:** Within the jurisdictional boundaries of the City of Stanwood, Washington.

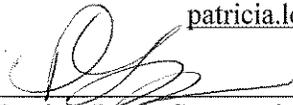
**THRESHOLD DETERMINATION:** The lead agency for this proposal has determine that it does not have a probable significant adverse impact on the environment. An environmental impact statement (EIS) is not required under RCW 43.21C.030(2)(c). This decision was made after review of a completed environmental checklist and other information on file with the City of Stanwood. This information is available to the public on request.

This DNS is issued under WAC 197-11-340(2); the lead agency will not act on this proposal for 14 days from the date issued. Comments must be submitted to Patricia Love, Community Development Director at [patricia.love@ci.stanwood.wa.us](mailto:patricia.love@ci.stanwood.wa.us) by 5:00 PM on March 3, 2020. Please reference file number 2019-0159.

**APPEALS:** You may appeal this threshold determination by addressing those criteria and send to the lead agency at the address above. Appeals must be submitted by March 3, 2020 at 4:00 pm. Appeals must provide specific reasons for the appeal and be accompanied by a \$500.00 non-refundable filing fee.

**RESPONSIBLE OFFICIAL:** Patricia Love, Community Development Director

**CONTACT PERSON:** Patricia Love  
Community Development Director  
(360) 454-5206  
[patricia.love@ci.stanwood.wa.us](mailto:patricia.love@ci.stanwood.wa.us)

**SIGNATURE:**   
Patricia Love, Community Development Director

**DATE:** 2/18/2020

**PUBLICATION DATE:** February 18, 2020

CITY OF STANWOOD  
WASHINGTON

ORDINANCE NO. 14XX

**AN ORDINANCE OF THE CITY OF STANWOOD, WASHINGTON, AMENDING STANWOOD MUNICIPAL CODE (SMC) CHAPTER 17.151, IMPACT FEES – PUBLIC FACILITIES TO DELETE PARK AND FIRE IMPACT FEE PROVISIONS AND BE RETITLED AS SMC 17.151 IMPACT FEES – TRANSPORTATION; ADOPTING NEW CHAPTER 17.152, IMPACT FEES – PARKS; ADOPTING NEW CHAPTER 17.154, IMPACT FEES – FIRE; ESTABLISHING SEVERABILITY AND AN EFFECTIVE DATE.**

**WHEREAS**, impact fees are one-time charges assessed by a local government against new development projects to help pay for new or expanded public facilities that directly address the increased demand for services created by that development; and

**WHEREAS**, cities have the authority to adopt impact fees under Chapter 82.02 RCW; and

**WHEREAS**, currently the City's transportation, parks and fire impact fee provisions are combined into a single chapter in the Municipal Code; and

**WHEREAS**, for clarity, the City desires to create separate, independent chapters for transportation, parks and fire mitigation fees in the Stanwood Municipal Code; and

**WHEREAS**, in addition, the Stanwood City Council has directed that impact fees should be reviewed annually or bi-annually to reflect the most current capital improvement plan (CIP) and those costs associated with the acquisition and development of projects listed on the CIP; and

**WHEREAS**, the city desires to update the park impact fee consistent with the 2020-2025 Capital Improvement Plan; and

**WHEREAS**, the City of Stanwood SEPA Responsible Official has reviewed the proposed amendments to the Stanwood Municipal Code and issued a Determination of Non-Significance on February 18, 2020; and

**WHEREAS**, the Stanwood Planning Commission reviewed the draft ordinance at their March 9, 2020 regular meeting and has recommended that the City Council adopt the ordinance as presented; and

**WHEREAS**, the City Council Community Development Committee reviewed the proposed language and amendments set forth in this Ordinance at their February 27, 2020, meeting; and

**WHEREAS**, the City Council held their first reading of the draft code amendment on [REDACTED], 2020 and their second and final reading on [REDACTED], 2020 and accepted public comment; and

**WHEREAS**, pursuant to RCW 36.70A.106, the City has notified the Washington State Department of Commerce of the City's intent to adopt the proposed amendments to the Stanwood Municipal Code regarding impact mitigation fees, and

**WHEREAS**, the City Council of Stanwood has authority under Title 35A, RCW to adopt plans and regulations related to development and operations within the City of Stanwood; and

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF STANWOOD, WASHINGTON, DO ORDAIN AS FOLLOWS:**

**Section 1. Transportation Impact Fees.** Stanwood Municipal Code, Chapter 17.151, Impact Fees – Public Facilities is hereby amended to delete park and fire impact fee provisions and be retitled as SMC 17.151 Impact Fees – Transportation which specifically addresses the application and processing of traffic mitigation impact fees as provided in Exhibit “A” attached to this ordinance and incorporated herein by reference as if set forth in full.

**Section 2. Adoption of New Chapter 17.152, Park Impact Fees.** New Stanwood Municipal Code, Chapter 17.152, Impact Fees - Park and Recreation, is hereby adopted to read as set forth in Attachment B, incorporated by reference as though fully set forth herein.

**Section 3. Adoption of New Chapter 17.154, Fire Impact Fees.** New Stanwood Municipal Code, Chapter 17.154, Impact Fees - Fire, is hereby adopted to read as set forth in Attachment C, incorporated by reference as though fully set forth herein.

**Section 4. Findings of Fact and Conclusions.** In support of the code provisions provided in this Ordinance the Stanwood City Council adopts the Findings of Fact and Conclusions attached hereto as Exhibit “D” and incorporated herein by reference and the analysis contained in the Staff Report on the amendments.

**Section 5. Severability.** The various parts, sections and clauses of this ordinance are hereby declared to be severable. If any part, sentence, paragraph, section or clause is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remainder of the Ordinance shall not be affected thereby.

**Section 6. Authority to Make Necessary Corrections.** The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance including, but not limited to, the correction of scrivener's clerical errors, references, ordinance numbers, section/subsection numbers and any references thereto.

**Section 7. Effective Date.** This Ordinance shall take effect five days after its passage and publication as required by law.

**PASSED AND APPROVED** by the Stanwood City Council this \_\_\_\_ day of \_\_\_\_\_ 2022.

CITY OF STANWOOD

\_\_\_\_\_  
Sid Roberts, Mayor

ATTEST:

By: \_\_\_\_\_  
Lisa Sokolik, City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Nikki Thompson, City Attorney

Date of Publication: \_\_\_\_\_  
Effective Date: \_\_\_\_\_

Exhibit A: Transportation Impact Fee

**Chapter 17.151**  
**IMPACT FEES – ~~PUBLIC FACILITIES~~ TRANSPORTATION**

**Sections:**

- 17.151.010 Authority and Purpose**
- 17.151.020 Findings**
- 17.151.030 Definitions**
- 17.151.040 Imposition of Impact Fees**
- 17.151.050 Establishment of Service Areas**
- 17.151.055 Imposition of Transportation Impact Fees**
- 17.151.060 Calculation of Transportation Impact Fee**
- ~~**17.151.070 Park and Recreation Impact Fee Component**~~
- ~~**17.151.080 Fire Facility Impact Fee Component Formula**~~
- 17.151.090 Calculation of Impact Fee**
- 17.151.100 Collection of Impact Fee**
- 17.151.110 Impact Fee Credits**
- 17.151.115 Impact Fee Deferral System**
- 17.151.120 Appeals**
- 17.151.130 Accounting**
- 17.151.140 Expenditure**
- 17.151.150 Refunds**
- 17.151.160 Impact Fee as Additional and Supplemental Requirement**

**17.151.010 Authority and Purpose**

The ordinance codified in this chapter is enacted pursuant to this provisions of Chapter 82.02 RCW, and is intended to accomplish the following purposes:

1. To ensure that adequate facilities are available to serve new growth and development;
2. To promote orderly growth and development by requiring that new development pay a proportionate share of the cost of new transportation facilities need to serve growth; and
3. To ensure that impact fees are imposed through established procedures and criteria so that specific developments do not pay arbitrary fees or duplicate fees for the same impact.

**17.151.020 Findings**

The city council finds and declares that:

1. New residential and nonresidential development causes increased demands on public roads, streets and other transportation facilities, ~~including streets, roads, parks, open space, recreational facilities, fire facilities and schools~~;
2. Projections indicate that new development will continue and that it will place ever-increasing demands on the city to provide necessary public transportation facilities;
3. To the extent that new development places demands on the public facility infrastructure, those demands should be partially financed by shifting a proportionate share of the cost of such new facilities from the public at large to the developments actually creating the demand; and
4. The imposition of impact fees upon residential and nonresidential development in order to finance specified public facilities, the demand for which is created by such development, is in the best interest of the general welfare of the city and its residents, is equitable, does not impose an unfair burden on such development by forcing developers and builders to pay more than their fair or proportionate share of the cost and is reasonably necessary to provide the necessary public facility infrastructure to serve new development as planned for in the city Comprehensive Plan and the city capital facilities plan.

#### **17.151.030 Definitions**

As used in this chapter:

1. "Building permit" means the permit required for new construction and additions pursuant to SMC Title [14](#). The term "building permit" as used herein shall not be deemed to include permits required for the remodeling, rehabilitation, or other improvement to an existing structure, or rebuilding a damaged or destroyed structure; provided there is no increase in the applicable unit of measure for nonresidential construction or the number of dwelling units for residential construction.
2. "Capital facilities plan" means the capital facilities element of the Stanwood Comprehensive Plan. Any reference to the capital facilities plan shall include the city of Stanwood six-year capital improvement program adopted as an amendment to the Comprehensive Plan by the city council.
3. "Development activity" means any construction or expansion of a building, structure or use, any change in the use of a building or structure, or any changes in the use of land, that creates additional demand and need for public facilities, except for the reconstruction or renovation of an existing single-family residential structure on an existing lot.
4. "Impact fee" means the payment of money imposed upon development as a condition of development approval to pay for public facilities needed to serve new growth and development that creates additional demand and need for public facilities, that is a proportionate share of the cost of the public facilities and that is

used for facilities that reasonably benefit the new development. "Impact fee" does not include a reasonable permit application or plant investment fee. The impact fee imposed shall consist of a traffic impact fee component, a park and open space impact fee component, a fire facility impact fee component, and a school impact fee component.

5. "Owner" means the owner of record of real property, although when real property is being purchased under a real estate contract, the purchaser shall be considered the owner of the real property if the contract is recorded.
6. "Project improvements" means site improvements and facilities that are planned and designed to provide service for a particular development project and that are necessary for the use and convenience of the occupants or users of the project and that are not system improvements. No improvement or facility included in a capital facilities plan approved by the city council shall be considered a project improvement.
7. "Public facilities" means the following capital facilities owned or operated by governmental entities:
  - a. Public streets, roads and appurtenances;
  - b. Publicly owned parks, open space and recreational facilities;
  - c. School facilities; and
  - d. Fire protection facilities of the city.
8. "Service area" means a geographical area defined by the city in which a defined set of public facilities provides service to development within the area.
9. "System improvements" means public facilities that are included in the capital improvement program of the capital facilities element in the city's comprehensive plan and are designed to provide service to service areas within the community at large, in contrast to project improvements.

#### **17.151.040 Imposition of Impact Fees**

There is imposed upon all new development activity within the city ~~an~~ a traffic impact fee which shall be calculated ~~by adding the impact fee components as according to the traffic mitigation fee formula contained~~ herein. ~~after provided for that are applicable to each such new development activity.~~

#### **17.151.050 Establishment of Service Areas**

The city hereby establishes as the service area for ~~development~~ traffic impact fees all areas in which development may occur that would impact the city's transportation system, including all property located within the corporate limits of the city as now existing or may be amended by annexation or any surrounding properties within the city's urban growth area that would normally use city transportation facilities.

### **17.151.055 Imposition of Transportation Impact Fees**

1. All development projects within the city shall be assessed a transportation impact fee based on average daily trips as computed in accordance with the most current edition of the Institute of Transportation Engineers' Trip Generation Manual as applied to the city's transportation element of the adopted comprehensive plan.

It is hereby declared that such impact fees shall:

- a) Only be imposed for system improvements that are reasonably related to new development; and
  - b) Not exceed a proportionate share of the cost of the system improvements, including the costs of previously constructed system improvements, reasonably related to new development; and
  - c) Be used for system improvements that will reasonably benefit new development; and
  - d) Not be imposed to make up for deficiencies in any previously constructed system improvements. Such impact fee is based upon the formula for calculating the proportionate share of the cost of the system improvements, including the costs of previously constructed system improvements, necessitated by new development to be borne by impact fees, which formulas are described in SMC 17.151.060, Calculation of transportation impact fee.
2. A transportation impact fee and schedule, setting forth the amount of the transportation impact fees to be paid by new development, shall be adopted by resolution of the city council.
  3. For redevelopment of a site, a credit shall be given for trips generated by the previous use on the site.
  4. A credit, not to exceed the impact fee otherwise payable, shall be provided for the value of any dedication of land for, improvement to, or new construction of any system improvements provided by the developer, to facilities that are identified in the capital facilities plan and on the six-year capital improvement program and that are required by the city as a condition of approving the development activity. The determination of "value" shall be consistent with the assumptions and methodology used by the city in estimating the capital improvement costs.
  5. The city administrator or designee may adjust the amount of the impact fee otherwise imposed hereby with respect to specific projects requiring a building permit upon determining that:
    - a) Unusual circumstances require such adjustment to ensure that such impact fees are imposed fairly consistent with the impact of the building and proportionality; and
    - b) Studies and data submitted by the owner regarding the impacts of such owner's proposed development activity require such adjustment. Impact fees shall not be adjusted unless such studies and data support a finding that the impact fees

otherwise imposed hereby allocate to the specific project in question a share of the cost of the systems improvements that is greater than or substantially less than such project's allocable proportionate share of such costs.

6. Commercial Development Incentive. Commercial uses as defined in SMC 17.20.040, "C" definitions, shall be eligible for a 10 percent reduction in the transportation impact fee.
7. Reuse of Existing Structures Incentive. The community development department shall not impose the transportation impact fee on commercial projects in the MB-I and MB-II zones that meet the criteria set forth below; provided, that this waiver shall not apply to new buildings or to new projects that include demolition of the existing building and shall not affect the imposition and collection of any other applicable city impact fees, hook-up fees, or application fees.
  - a) The project utilizes an existing building constructed prior to 1980 according to the Snohomish County assessor's database, and requires building permits for remodel, expansion, and/or improvement;
  - b) The original structure must be intact before and after the improvements;
  - c) The total building square footage of the project, following remodel, expansion or improvement, including any new additions and all buildings on the property, is less than 10,000 square feet;
  - d) The valuation of work on the building must exceed 25 percent of the assessed value of the building according to the Snohomish County assessor's database; and
  - e) The project must include improvement of any adjacent street frontage, including curb, gutter, sidewalks, and street trees to current code and/or standards, and must include a connecting walkway meeting ADA standards to the main entrance of the building. Any or a portion of these improvements may be waived or modified, if the community development director determines that existing conditions meet the current standards for these improvements.
8. Historic Single-Family Lot Incentive. Individual single-family zoned lots and parcels created prior to the effective date of Chapter 58.17 RCW on July 1, 1969, shall be eligible for a 35 percent reduction in the transportation impact fee on application for a building permit. This incentive is limited to development of one single-family residence per lot or parcel existing prior to July 1, 1969.

#### **17.151.060 Calculation of Transportation Impact Fee**

1. The impact fee shall be based on the growth related transportation projects contained in the adopted six-year capital improvement program as presented in the capital facilities element of the city's Comprehensive Plan.
2. The actual impact fee shall be calculated based on the total cost of growth related system improvements divided by the total number of projected trips generated by

new development as anticipated in the adopted future land use map (FLUM) for an adopted six-year capital improvement program period.

$$\text{Actual Cost/Trip} = \frac{\text{Total cost per six-year growth related system improvements}}{\text{Total new trips}}$$

3. The actual impact fee shall be adjusted to provide a fee equal to 66.6 percent of the actual cost of the system improvements necessitated by new development as calculated in subsection (2) of this section.
4. The impact fee may include system improvement costs previously incurred by the city to the extent that new growth and development will be served by the previously constructed improvements and to the extent not already funded; provided, that such fees shall not be imposed to make up for any existing system deficiencies.
5. The city shall annually review the city's capital facilities plan and transportation projects included in the adopted six-year capital improvement program, and shall:
  - a) Identify each project in the comprehensive plan that is growth related and the proportion of each such project that is growth related;
  - b) Forecast the total monies available from taxes and other public sources for street improvements over the next six years;
  - c) Calculate the amount of impact fees already collected; and
  - d) Identify those Comprehensive Plan projects that have been or are being built but whose performance capacity has not been fully utilized.
6. The following information shall be considered in updating the capital improvement program:
  - a) The projects in the Comprehensive Plan that are growth related and that should be funded with forecasted public monies and the impact fees already paid;
  - b) The projects already built or funded pursuant to this chapter whose performance capacity has not been fully utilized; and
  - c) An update of the estimated costs of the projects listed.
7. After the city council amends the capital improvement program, it may by resolution establish a new impact fee.
8. Once a growth related project is placed on the capital improvement program, a fee shall be imposed on every development that impacts the project until the project is removed from the list by one of the following means:
  - a) The project may be administratively removed by the community development director from the impact fee calculation after it is constructed; or
  - b) The council by ordinance may remove the project from the capital improvement program, in which case the fees already collected will be refunded if necessary to ensure that impact fees remain reasonably related to the traffic impacts of development that have paid an impact fee; provided, that a refund shall not be

necessary if the council transfers the fees to the budget of another project that the council determines will mitigate essentially the same traffic impacts.

**~~17.151.070 Park and Recreation Impact Fee Component~~**

~~The impact fee component for parks and recreational facilities shall be calculated using the formula described below, however the resulting fee will be implemented at 50 percent:~~

$$\text{PIF} = \frac{C \times S \times U \times A}{P}$$

- ~~1. "PIF" means the park and recreational facility component of the total development impact fee.~~
- ~~2. "C" means the average cost per acre for land appraisal and acquisition plus an average development cost of \$320,075 per acre for neighborhood and community parks. Such cost may be adjusted periodically, but not more often than once every year. Park development costs shall be based on actual, recent comparable construction.~~
- ~~3. "S" means the parks standard of 2.5 acres per 1,000 residents each for neighborhood parks and community parks (total of five acres) as established in the city comprehensive park and recreational plan.~~
- ~~4. "P" means 1,000 people.~~
- ~~5. "U" means the average number of occupants per dwelling unit, or 2.77 occupants for a single family/duplex dwelling unit, 2.17 occupants for any other multifamily dwelling unit.~~
- ~~6. "A" means an adjustment of rate portion of anticipated tax revenues resulting from a development that is proratable to system improvements contained in the capital plan facilities. The adjustment for park impacts is determined to be 40 percent, so that "A" equals 60 percent.~~

**~~17.151.080 Fire Facility Impact Fee Component Formula~~**

- ~~1. Applicability. The provisions of this section shall be applicable to all property development within the city. "Property development" shall mean any application for a building permit for commercial or for a single-family dwelling, mobile home, duplex or multifamily dwelling; and any application for approval of a mobile home park, mobile home subdivision or residential planned unit development; and any application for approval of a short plat or long plat subdivision.~~
- ~~2. Basis for Mitigation Assessment. All mitigation assessments shall be made on a per unit basis or square foot basis. "Unit" shall mean for residential development each dwelling unit, mobile home or lot as applicable and as defined in this title. Where the number of dwelling units or mobile homes is not precisely known at the time of the~~

development, "unit" shall mean at least one dwelling unit or mobile home for each lot, to be increased when the number of dwelling units or mobile homes becomes known or fixed through application for a building permit or other applicable permit. Impact fee assessment shall not be imposed so as to have the effect of imposing more than the cost of one unit for any dwelling unit or mobile home. These requirements are not intended to have the effect of requiring new fire service facility assessments for units which have previously been subject to dedication or assessment individually or as part of a large project. "Unit" for nonresidential development shall mean each additional square foot added to an existing structure or each square foot of building in a new structure, such as commercial or industrial buildings.

3. ~~Impact Fee Assessment Formulas.~~ The formulas used to calculate impact fee assessments for fire facilities are as found in "Exhibit A Section 4—Impact Fees," attached to the ordinance codified in this section. These formulas shall be reviewed and revised as determined by the city council to reflect changes in development and acquisition baseline costs. ~~Impact fee assessments under this section shall be due and payable for subdivisions and short plats at final approval. All other additions, buildings and structures shall be due and payable at time of building permit.~~
4. ~~Administration of Cash Payments to City.~~ There is hereby created and established a special purpose nonoperating fire facilities impact fee, to which all impact fee assessments are paid. Fund administration shall be as follows:
  - a) ~~Separate Account.~~ Any cash made shall be deposited in the fund and administered as a separate account for fire capital expenditures and the account balance shall be applied only to completion of improvements or acquisition projects specified in the fire facilities capital improvement plan as approved or amended by the city council.
  - b) ~~(b) Interest Earned.~~ Interest and investment income earned by the fund shall be redeposited in the fund and allocated proportionally to each subaccount.
  - c) ~~(c) Time Limit for Expenditures.~~ Any funds remaining for a development shall be refunded with interest to the property owner of record when the time periods for expenditure of those funds have passed, as provided in applicable state laws.
5. ~~Appeals and Adjustments.~~ Any person desiring to appeal from a decision made in the enforcement of the provisions of this section or any person seeking an adjustment to the dedication for impact fee assessments required by this section due to unusual circumstances in specific cases shall submit, in writing, a request for a hearing before the city council and determination of the matter appealed within 10 days after receiving written notice of the specific dedication or impact fee assessments required by this section. The city council shall consider such item at its next available meeting and shall issue such determination as it deems fair and equitable.

- ~~6. Violation of this section is a gross misdemeanor punishable by a fine of not more than \$1,000 and a jail term of not more than one year. Each day that such violation is allowed to continue shall be considered a separate and additional violation of this section.~~

#### **17.151.090 Calculation of Impact Fee**

- ~~1. The impact fee for nonresidential development shall be computed by applying the traffic impact fee component formula and the fire facility impact fee component formula and then totaling the results. The impact fee for each residential dwelling unit shall be computed by applying the traffic impact fee component formula, the park and open space impact fee component formula, the fire facility impact fee component formula and the school impact fee component formula, contained in Chapter [17.153](#) SMC, and then totaling the results.~~
1. If the development for which approval is sought contains a mix of residential and nonresidential uses, then the impact fee must be separately calculated for each type of use.
  2. The city council shall have the authority to adjust the standard impact fee at the time the fee is imposed to consider unusual circumstances peculiar to specific development activity to ensure that impact fees are imposed fairly.
  3. Upon application by the developer of any particular development activity, the city council may consider studies and data submitted by the developer and if warranted, may adjust the amount of the impact fee. Such adjustment shall be deemed warranted if:
    - a) The public facility improvements would not reasonably benefit the proposed development;
    - b) The public facility improvements identified are not reasonably related to the proposed development;
    - c) The formula set forth for calculating the impact fee components does not accurately reflect the associated traffic, park and open space, fire facility or school impacts generated by the development.

#### **17.151.100 Collection of Impact Fee**

The impact fees imposed under this chapter, ~~and under Chapter [17.153](#) SMC,~~ may be paid at the time of preliminary plat approval for subdivisions and short subdivisions. When fees for subdivisions are not paid at preliminary plat approval they shall be due and payable prior to the issuance of a building permit. When paid the fee paid shall be the fee due as of the date of payment. For ~~single lots or parcels~~ all other developments, impact fees shall be paid prior to the issuance of a building permit or site plan approval.

#### **17.151.110 Impact Fee Credits**

The owner shall be entitled to a credit against the applicable traffic impact fee

component for the value of any dedication of land for, improvements to, or new construction of any system improvements to facilities that are identified in the capital facilities plan and that are required by the city as conditions of approval for the development. ~~That portion of the open space network and related improvements used as a credit for required open space for a project is not eligible for this credit.~~ The amount of the credit shall be determined upon recording of a final plat for a subdivision, recording of a short plat, issuance of a building permit, or upon site plan approval, whichever shall first occur. The amount of the credit shall be indicated on any final plat recorded for a subdivision and on any recorded short plat. In the event the amount of any credit exceeds the amount of the impact fee due, the city shall not be required to reimburse the difference to the developer.

### **17.151.115 Impact Fee Deferral System**

1. The city hereby establishes a deferral system by which an applicant for a building permit for a single-family detached or attached residence may request a deferral of the full impact fee payment to the time of final inspection.
2. The city will withhold certification of final inspection until the impact fees have been paid in full.
3. The term of an impact fee deferral under this section shall not exceed 18 months from the date of building permit issuance. If impact fees are not paid by the end of the 18 months, then city shall withhold future inspection until such time impact fees are paid in full.
4. The community development department shall allow an applicant to defer payment of the impact fees when, prior to submission of a building permit application for deferment or prior to final inspection for deferment under subsection (1) of this section, the applicant:
  - a. Submits a signed and notarized deferred impact fee application and acknowledgement form for the development for which the property owner wishes to defer payment of the impact fees; and
  - b. With regard to deferred payment under subsection (1) of this section, records a lien for impact fees against the property in favor of the city in the total amount of all deferred impact fees for the development. The lien for impact fees shall:
    - i. Be in a form approved by the city attorney;
    - ii. Include the legal description, tax account number and address of the property;
    - iii. Be signed by all owners of the property, with all signatures as required for a deed, and recorded in the county in which the property is located;
    - iv. Be binding on all successors in title after the recordation; and

- v. Be junior and subordinate to one mortgage for the purpose of construction upon the same real property granted by the person who applied for the deferral of impact fees.
5. In the event that the impact fees are not paid in accordance with subsection (1) of this section, the city shall institute foreclosure proceedings under the process set forth in Chapter [61.12](#) RCW, except as revised herein. In addition to any unpaid impact fees, the city shall be entitled to interest on the unpaid impact fees at the rate provided for in RCW [19.52.020](#) and the reasonable attorney fees and costs incurred by the city in the foreclosure process. Notwithstanding the foregoing, prior to commencement of foreclosure, the city shall give not less than 30 days' written notice to the person or entity whose name appears on the assessment rolls of the county assessor as owner of the property and to the site address via certified mail with return receipt requested and regular mail advising of its intent to commence foreclosure proceedings. If the impact fees are paid in full to the city within the 30-day notice period, no attorney fees, costs and interest will be owed.
6. In the event that the deferred impact fees are not paid in accordance with this section, and in addition to foreclosure proceedings provided in subsection (5) of this section, the city may initiate any other action(s) legally available to collect such impact fees.
7. Upon receipt of final payment of all deferred impact fees for the development, the department shall execute a separate lien release for the property in a form approved by the city attorney. The property owner, at their expense, will be responsible for recording each lien release.
8. Compliance with the requirements of the deferral option shall constitute compliance with the conditions pertaining to the timing of payment of the impact fees.

#### **17.151.120 Appeals**

Any person aggrieved by the amount of the impact fee calculated and imposed upon a particular development activity may appeal such determination to the hearing examiner by filing written notice of appeal with the planning director within 20 days of the issuance of the determination of the impact fee consistent with SMC [17.151.055](#). Pending completion of the appeal process as set forth herein, no building permits shall be issued for any development activity for which the impact fees about which appeal is being sought were imposed. Such appeal to the hearing examiner shall be conducted in accord with Chapters [17.80-81B](#) and [17.87](#) SMC.

#### **17.151.130 Accounting**

All impact fees collected shall be deposited in the Growth Management Act capital projects fund. The clerk-treasurer shall establish a separate designated reserve accounts for ~~transportation impact fees public roads and streets, for fire facilities, for school facilities and for public park, open space and recreational facilities,~~ and shall maintain records for each such account. ~~All interest earned by the fund shall be~~

~~allocated to the separate designated reserve accounts in the same proportion that the balance of each reserve account bears to the total fund balance.~~ All interest shall be retained in the account and expended for the purposes for which the impact fees were imposed. The clerk-treasurer shall provide an annual report on ~~each~~ the impact fee account showing the source and amount of the moneys collected, earned or received and system improvements that were financed in whole or in part by impact fees.

#### **17.151.140 Expenditure**

Impact fees for system developments shall be expended only in conformance with the capital facilities plan. Impact fees shall be expended or encumbered for a permissible use within ~~six~~ ten (10) years of collection, unless there exists an extraordinary and compelling reason for fees to be held longer than ~~six~~ ten (10) years. Such extraordinary or compelling reasons shall be identified in written findings by the city council.

#### **17.151.150 Refunds**

1. The current owner of property on which an impact fee has been paid may receive a refund of such fee if the city fails to expend or encumber the impact fees within ~~six~~ ten (10) years of collection or such greater time as may be established in written findings by the city council documenting extraordinary or compelling reasons for extension beyond ~~six~~ ten (10) years. In determining whether impact fees have been encumbered, impact fees shall be considered encumbered on a first-in, first-out basis. The current owner likewise may receive a proportionate refund when the public funding of applicable service area projects by the end of such ~~six-~~ ten (10) year period has been insufficient to satisfy the ratio of public to private funding for such service area as established in the capital facilities plan. The city shall notify potential claimants by first class mail deposited with the United States Postal Service at the last known address of each claimant.
2. The request for a refund must be submitted to the city council in writing within one year of the date the right to claim a refund arises or within one year of the date notice is given, whichever is later. Any impact fees that are not expended within these time limitations and for which no application for refund has been made as herein provided shall be retained and expended on the indicated capital facilities. Refunds of impact fees under this subsection shall include any interest earned on the impact fees.
3. A developer may request and shall receive a refund, including any interest earned on the impact fees, when the developer does not proceed with the development activity and no impact has resulted.

#### **17.151.160 Impact Fee As Additional And Supplemental Requirement**

The impact fee is additional and supplemental to, and not in substitution of, any other requirements imposed by the city on the development of land or the issuance of building permits; provided, that any other such city development regulation which would require

the developer to undertake dedication or construction of a facility contained within the city capital facilities plan shall be imposed only if the developer is given a credit against impact fees as provided for in this chapter.

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## Exhibit B: New Chapter SMC 17.152: Park Impact Fee

### Chapter 17.152

### IMPACT FEES – PARKS, OPEN SPACE AND RECREATIONAL FACILITIES

#### Sections:

- 17.152.010 Authority and Purpose**
- 17.152.020 Findings**
- 17.152.030 Definitions**
- 17.152.040 Imposition of Impact Fees**
- 17.152.050 Establishment of Service Areas**
- 17.152.060 Imposition of Park Impact Fees**
- 17.152.070 Park and Recreation Impact Fee**
- 17.152.080 Calculation of Impact Fee**
- 17.152.090 Collection of Impact Fee**
- 17.152.100 Impact Fee Credits**
- 17.152.110 Impact Fee Deferral System**
- 17.152.120 Appeals**
- 17.152.130 Accounting**
- 17.152.140 Expenditure**
- 17.152.150 Refunds**
- 17.152.160 Impact Fee as Additional and Supplemental Requirement**

#### **17.152.010 Authority and Purpose**

The ordinance codified in this chapter is enacted pursuant to this provisions of Chapter 82.02 RCW, and is intended to accomplish the following purposes:

4. To ensure that adequate facilities are available to serve new growth and development;
5. To promote orderly growth and development by requiring that new development pay a proportionate share of the cost of new parks, open space and recreational facilities need to serve growth; and
6. To ensure that impact fees are imposed through established procedures and criteria so that specific developments do not pay arbitrary fees or duplicate fees for the same impact.

#### **17.152.020 Findings**

The city council finds and declares that:

5. New residential and nonresidential development causes increased demands on parks, open space, recreational facilities;

6. Projections indicate that new development will continue and that it will place ever-increasing demands on the city to provide necessary public park, open space and recreational facilities;
7. To the extent that new development places demands on the public facility infrastructure, those demands should be partially financed by shifting a proportionate share of the cost of such new facilities from the public at large to the developments actually creating the demand; and
8. The imposition of impact fees upon residential and nonresidential development in order to finance specified public facilities, the demand for which is created by such development, is in the best interest of the general welfare of the city and its residents, is equitable, does not impose an unfair burden on such development by forcing developers and builders to pay more than their fair or proportionate share of the cost and is reasonably necessary to provide the necessary public facility infrastructure to serve new development as planned for in the city Comprehensive Plan and the city capital facilities plan.

#### 17.151.030 Definitions

As used in this chapter:

10. "Building permit" means the permit required for new construction and additions pursuant to SMC Title [14](#). The term "building permit" as used herein shall not be deemed to include permits required for the remodeling, rehabilitation, or other improvement to an existing structure, or rebuilding a damaged or destroyed structure; provided there is no increase in the applicable unit of measure for nonresidential construction or the number of dwelling units for residential construction.
11. "Capital facilities plan" means the capital facilities element of the Stanwood Comprehensive Plan. Any reference to the capital facilities plan shall include the city of Stanwood six-year capital improvement program adopted as an amendment to the Comprehensive Plan by the city council.
12. "Development activity" means any construction or expansion of a building, structure or use, any change in the use of a building or structure, or any changes in the use of land, that creates additional demand and need for public facilities, except for the reconstruction or renovation of an existing single-family residential structure on an existing lot.
13. "Impact fee" means the payment of money imposed upon development as a condition of development approval to pay for public facilities needed to serve new growth and development that creates additional demand and need for public facilities, that is a proportionate share of the cost of the public facilities and that is used for facilities that reasonably benefit the new development. "Impact fee" does not include a reasonable permit application or plant investment fee. The impact fee

imposed shall consist of a traffic impact fee component, a park and open space impact fee component, a fire facility impact fee component, and a school impact fee component.

14. "Owner" means the owner of record of real property, although when real property is being purchased under a real estate contract, the purchaser shall be considered the owner of the real property if the contract is recorded.
15. "Project improvements" means site improvements and facilities that are planned and designed to provide service for a particular development project and that are necessary for the use and convenience of the occupants or users of the project and that are not system improvements. No improvement or facility included in a capital facilities plan approved by the city council shall be considered a project improvement.
16. "Public facilities" means the following capital facilities owned or operated by governmental entities:
  - a. Public streets, roads and appurtenances;
  - b. Publicly owned parks, open space and recreational facilities;
  - c. School facilities; and
  - d. Fire protection facilities of the city.
17. "Service area" means a geographical area defined by the city in which a defined set of public facilities provides service to development within the area.
18. "System improvements" means public facilities that are included in the capital improvement program of the capital facilities element in the city's comprehensive plan and are designed to provide service to service areas within the community at large, in contrast to project improvements.

#### **17.152.040 Imposition of Impact Fees**

There is imposed upon all new residential development activity, including commercial mixed-use developments, within the city a park, open space, and recreational facility impact fee which shall be calculated according to the-park impact fee formula contained herein.

#### **17.152.050 Establishment of Service Areas**

The city hereby establishes as the service area for park impact fees all areas in which development may occur that would impact the city's park, open space and recreational system, including all property located within the corporate limits of the city as now existing or may be amended by annexation or any surrounding properties within the city's urban growth area that would normally use city park facilities.

#### **17.152.060 Imposition of Park Impact Fees**

All development projects within the city shall be assessed a park impact fee based on the number and type of residential dwelling units permitted at the time of building permit issuance.

1. The formula used to develop the park impact fee as identified in SMC 17.152.070 shall be reviewed and revised periodically to reflect changes in development costs and the adopted Capital Improvement Plan listed in the Comprehensive Plan. The actual fee shall be adopted by City Council resolution.
2. The following development activities shall be exempt from payment of the park impact fee:
  - a) A credit shall be provided for redevelopment sites or subdivisions for the number of residential units existing on the site prior to redevelopment.
  - b) The reconstruction, remodeling, or replacement of existing buildings, structures, mobile homes, or manufactured homes, which does not result in any new units.
  - c) Conversions of apartment complexes to condominium ownership where no new dwelling units are created.
3. Historic Single-Family Lot Incentive. Individual single-family zoned lots and parcels created prior to the effective date of Chapter 58.17 RCW on July 1, 1969, shall be eligible for a 35 percent reduction in the transportation impact fee on application for a building permit. This incentive is limited to development of one single-family residence per lot or parcel existing prior to July 1, 1969.

**17.152.070 Park and Recreation Impact Fee Component**

The impact fee for parks and recreational facilities shall be calculated using the formula described below:

$$PIF = \frac{C \times S \times U \times A}{P}$$

1. "PIF" means the park and recreational facility component of the total development impact fee.
2. "C" means the average cost per acre for land appraisal and acquisition plus an average development cost per acre for neighborhood and community parks as identified in the most recent 6-year Capital Improvement Plan. The construction cost per acre is then multiplied by the percent of projected new population growth as identified in the Comprehensive Plan. Such cost may be adjusted periodically, but not more often than once every year. Park development costs shall be based on actual, recent comparable construction.
3. "S" means the parks standard of 2.5 acres per 1,000 residents each for neighborhood parks and community parks for a total of five acres per 1,000 people as established in the city Comprehensive Park and Recreational Plan.
4. "P" means 1,000 people.
5. "U" means the average number of occupants per dwelling unit as provided by the Washington State Office of Financial Management for the City of Stanwood.

6. "A" means an adjustment of rate portion of anticipated tax revenues resulting from a development that is proportional to system improvements contained in the capital plan facilities. The adjustment for park impacts is determined to be 40 percent, so that "A" equals 60 percent.

#### **17.152.080 Calculation of Impact Fee**

1. If the development for which approval is sought contains a mix of residential and nonresidential uses, then the impact fee must be separately calculated for each type of use.
2. The city council shall have the authority to adjust the standard impact fee at the time the fee is imposed to consider unusual circumstances peculiar to specific development activity to ensure that impact fees are imposed fairly.
3. Upon application by the developer of any particular development activity, the city council may consider studies and data submitted by the developer and if warranted, may adjust the amount of the impact fee. Such adjustment shall be deemed warranted if:
  - d) The public facility improvements would not reasonably benefit the proposed development;
  - e) The public facility improvements identified are not reasonably related to the proposed development;
  - f) The formula set forth for calculating the impact fee does not accurately reflect the associated park and open space impacts generated by the development.

#### **17.152.090 Collection of Impact Fee**

The impact fees imposed under this chapter, may be paid at the time of preliminary plat approval for subdivisions and short subdivisions. When fees for subdivisions are not paid at preliminary plat approval they shall be due and payable prior to the issuance of a building permit. When paid the fee paid shall be the fee due as of the date of payment. For all other developments, impact fees shall be paid prior to the issuance of a building permit or site plan approval.

#### **17.152.100 Impact Fee Credits**

The owner shall be entitled to a credit against the applicable park impact fee for the value of any dedication of land for, improvements to, or new construction of any system improvements to facilities that are identified in the capital facilities plan and that are required by the city as conditions of approval for the development. That portion of the open space network and related improvements used as a credit for required open space for a project is not eligible for this credit. The amount of the credit shall be determined upon recording of a final plat for a subdivision, recording of a short plat, issuance of a building permit, or upon site plan approval, whichever shall first occur. The amount of the credit shall be indicated on any final plat recorded for a subdivision and on any

recorded short plat. In the event the amount of any credit exceeds the amount of the impact fee due, the city shall not be required to reimburse the difference to the developer.

#### **17.152.110 Impact Fee Deferral System**

9. The city hereby establishes a deferral system by which an applicant for a building permit for a single-family detached or attached residence may request a deferral of the full impact fee payment to the time of final inspection.
10. The city will withhold certification of final inspection until the impact fees have been paid in full.
11. The term of an impact fee deferral under this section shall not exceed 18 months from the date of building permit issuance. If impact fees are not paid by the end of the 18 months, then city shall withhold future inspection until such time impact fees are paid in full.
12. The community development department shall allow an applicant to defer payment of the impact fees when, prior to submission of a building permit application for deferment or prior to final inspection for deferment under subsection (1) of this section, the applicant:
  - a. Submits a signed and notarized deferred impact fee application and acknowledgement form for the development for which the property owner wishes to defer payment of the impact fees; and
  - b. With regard to deferred payment under subsection (1) of this section, records a lien for impact fees against the property in favor of the city in the total amount of all deferred impact fees for the development. The lien for impact fees shall:
    - i. Be in a form approved by the city attorney;
    - ii. Include the legal description, tax account number and address of the property;
    - iii. Be signed by all owners of the property, with all signatures as required for a deed, and recorded in the county in which the property is located;
    - iv. Be binding on all successors in title after the recordation; and
    - v. Be junior and subordinate to one mortgage for the purpose of construction upon the same real property granted by the person who applied for the deferral of impact fees.
13. In the event that the impact fees are not paid in accordance with subsection (1) of this section, the city shall institute foreclosure proceedings under the process set forth in Chapter [61.12](#) RCW, except as revised herein. In addition to any unpaid impact fees, the city shall be entitled to interest on the unpaid impact fees at the rate provided for in RCW [19.52.020](#) and the reasonable attorney fees and costs incurred by the city in the foreclosure process. Notwithstanding the foregoing, prior to

commencement of foreclosure, the city shall give not less than 30 days' written notice to the person or entity whose name appears on the assessment rolls of the county assessor as owner of the property and to the site address via certified mail with return receipt requested and regular mail advising of its intent to commence foreclosure proceedings. If the impact fees are paid in full to the city within the 30-day notice period, no attorney fees, costs and interest will be owed.

14. In the event that the deferred impact fees are not paid in accordance with this section, and in addition to foreclosure proceedings provided in subsection (5) of this section, the city may initiate any other action(s) legally available to collect such impact fees.
15. Upon receipt of final payment of all deferred impact fees for the development, the department shall execute a separate lien release for the property in a form approved by the city attorney. The property owner, at their expense, will be responsible for recording each lien release.
16. Compliance with the requirements of the deferral option shall constitute compliance with the conditions pertaining to the timing of payment of the impact fees.

#### **17.152.120 Appeals**

Any person aggrieved by the amount of the impact fee calculated and imposed upon a particular development activity may appeal such determination to the hearing examiner by filing written notice of appeal with the planning director within 20 days of the issuance of the determination of the impact fee consistent with SMC [17.151.055](#). Pending completion of the appeal process as set forth herein, no building permits shall be issued for any development activity for which the impact fees about which appeal is being sought were imposed. Such appeal to the hearing examiner shall be conducted in accord with Chapters [17.80-81B](#) and [17.87](#) SMC.

#### **17.152.130 Accounting**

All impact fees collected shall be deposited in the Growth Management Act capital projects fund. The clerk-treasurer shall establish a separate designated reserve accounts for park impact fees, and shall maintain records for each such account. All interest shall be retained in the account and expended for the purposes for which the impact fees were imposed. The clerk-treasurer shall provide an annual report on the impact fee account showing the source and amount of the moneys collected, earned or received and system improvements that were financed in whole or in part by impact fees.

#### **17.152.140 Expenditure**

Impact fees for system developments shall be expended only in conformance with the capital facilities plan. Impact fees shall be expended or encumbered for a permissible use within ten (10) years of collection, unless there exists an extraordinary and compelling reason for fees to be held longer than ten (10) years. Such extraordinary or compelling reasons shall be identified in written findings by the city council.

#### **17.152.150 Refunds**

4. The current owner of property on which an impact fee has been paid may receive a refund of such fee if the city fails to expend or encumber the impact fees within ten (10) years of collection or such greater time as may be established in written findings by the city council documenting extraordinary or compelling reasons for extension beyond ten (10) years. In determining whether impact fees have been encumbered, impact fees shall be considered encumbered on a first-in, first-out basis. The current owner likewise may receive a proportionate refund when the public funding of applicable service area projects by the end of such ten (10) year period has been insufficient to satisfy the ratio of public to private funding for such service area as established in the capital facilities plan. The city shall notify potential claimants by first class mail deposited with the United States Postal Service at the last known address of each claimant.
5. The request for a refund must be submitted to the city council in writing within one year of the date the right to claim a refund arises or within one year of the date notice is given, whichever is later. Any impact fees that are not expended within these time limitations and for which no application for refund has been made as herein provided shall be retained and expended on the indicated capital facilities. Refunds of impact fees under this subsection shall include any interest earned on the impact fees.
6. A developer may request and shall receive a refund, including any interest earned on the impact fees, when the developer does not proceed with the development activity and no impact has resulted.

#### **17.152.160 Impact Fee As Additional And Supplemental Requirement**

The impact fee is additional and supplemental to, and not in substitution of, any other requirements imposed by the city on the development of land or the issuance of building permits; provided, that any other such city development regulation which would require the developer to undertake dedication or construction of a facility contained within the city capital facilities plan shall be imposed only if the developer is given a credit against impact fees as provided for in this chapter.

## **Exhibit C: New Chapter 17.154: Fire Impact Fee**

### **Chapter 17.154 IMPACT FEES – FIRE FACILITIES**

#### **Sections:**

**17.154.010 Authority and Purpose**

**17.154.020 Chapter Reservation**

#### **17.154.010 Authority and Purpose**

Washington State laws pursuant to Chapter 82.02 RCW provides that cities may adopt fire impact fees based on an identified need and adoption of a six year capital facilities plan.

#### **17.154.020 Chapter Reservation**

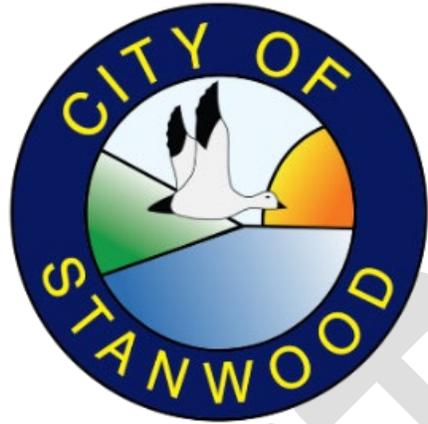
North County Regional Fire Authority provides fire service to the City of Stanwood. No fire impact fee is imposed on development permit applications at this time. However, if in the future, North County Regional Fire Authority determines that there is a need for a fire impact fee the following shall be required:

1. The Fire District shall adopt a 6-year capital improvement plan identifying existing facilities and deficiencies needed to provide fire service to the City of Stanwood;
2. The City and Fire District shall enter into a Interlocal Agreement on the imposition and processing of fire impact fees; and
3. This chapter shall be updated with the fire impact fee formula along with all associated management and procedural requirements to impose an impact fee.

**Exhibit D: Findings of Fact and Conclusions**

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# Park Impact Fee Methodology Study February 2022

## Introduction

The Growth Management Act requires cities to plan and provide parks and recreation facilities that are adequate to accommodate growth. In 2018 the City of Stanwood adopted their Parks, Recreation and Open Space (PROS) Plan that includes a vision for a future parks department and priorities for park development. The application of Park Impact Fees (PIF) is one financial tool available to cities to help facilitate the implementation of the PROS plan.

RCW 82.02.050 authorizes cities to impose an impact fee on new residential developments as part of the financing of park facilities. Park impact fees are one-time payments imposed on new residential developments to cover a portion of their impact on Stanwood's park system.

The purpose of the Park Impact Fee is for new development to share in the development and acquisition costs of facilities that new residents will be using.

### What are Impact Fees?

Impact fees are **one-time charges** assessed by a local government against a new development project to **help pay** for **new or expanded public facilities** that will directly address the increased demand for services **created by that development.**

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Fees are charged at the time of building permit issuance and are used to pay for new or redevelopment park and recreational facilities in the City of Stanwood. Fees can only be used on system improvements included in the City's adopted six-year Capital Improvement Plan (CIP) as listed in the Comprehensive Plan.

The purpose of this report is to document the process that the City used to calculate its 2020 Park Impact Fee.

## Methodology

The City adopted its PIF methodology in 1993 (Ordinance 886) as a way to help fund needed park related capital improvements. Using this same formula, the fee has been updated over the years to account for changing project priorities and development cost.

Park Impact Fee Formula:

$$PIF = \frac{C \times S \times U \times A}{P}$$

Where:

"C" means the average cost per acre for land appraisal and acquisition plus an average development cost.

“S” means the parks standard of 5 acres per 1,000 residents for parks.

“P” means 1,000 people.

“U” means the average number of occupants per dwelling unit.

“A” means an adjustment of rate portion of anticipated tax revenues resulting from a development that is proportional to system improvements.

The “A” adjustment factor of 40% was established in 1993 as part of their financial analysis at the time: meaning the City adjusts the rate based on an estimate of future expected tax revenues related to the development.

In 2017, after nearly twenty years of applying an out of date impact fee, the City updated its PIF and in that process amended the formula to represent half of the impact fee generated by applying the above listed formula. This policy direction changed the formula as follows:

$$\text{PIF} = \left[ \frac{C \times S \times U \times A}{P} \right] \times 0.50$$

To update the PIF using 2020 data, the City has applied a multistep process based off of the formula adopted in 1993. This process includes using the updated 2020-2025 Park CIP list, new construction cost estimates, and updated housing demographics.

The fee calculation process below does not include dividing the resulting fee in half per the Council’s 2017 policy. By applying a growth factor to the construction costs, the PIF update results in a fee that provides a clear nexus between future growth and need; and it does not need to be arbitrarily divided in half to meet the “reasonableness” test.

## 2022 Park Impact Fee Calculation

The following section provides a step by step process used by the City of Stanwood to update the 2020 Park Impact Fee.

### Step 1: 2022 – 2027 Park Capital Improvement Plan (CIP)

Each year the City Council updates a Capital Improvement Plan; part of that plan includes a project list and projected costs over a six year period. Below is the 2022-2027 Park CIP.

Step 1: 2022-2027 CIP

Capital Improvement Plan 2022-2027 Project Costs							
Project Name	Total 2022-2027	2022	2023	2024	2025	2026	2027
Port Susan Trail	\$4,897,000	\$1,554,000	\$1,338,000	\$200,000	\$1,805,000	\$-	\$-
Heritage Park	\$900,000	\$100,000	\$200,000	\$100,000	\$250,000	\$250,000	\$-
Hamilton Park	\$1,090,000	\$90,000	\$1,000,000	\$-	\$-	\$-	\$-
Ovenell Park	\$2,305,000	\$200,000	\$250,000	\$355,000	\$1,500,000	\$-	\$-
Johnson Farm Park	\$350,000	\$-	\$-	\$-	\$-	\$350,000	\$-
Church Creek Park	\$866,750	\$455,000	\$-	\$-	\$-	\$82,350	\$329,400
Downtown Park	\$1,340,000	\$340,000	\$-	\$1,000,000	\$-	\$-	\$-
<b>Total:</b>	<b>\$11,748,750</b>	<b>\$2,739,000</b>	<b>\$2,788,000</b>	<b>\$1,655,000</b>	<b>\$3,555,000</b>	<b>\$682,350</b>	<b>\$329,400</b>

### Step 2: Remove Non-Park Impact Eligible Projects From the Adopted CIP List

In reviewing the 2022-2027 project list, there are several projects that contain non-eligible project elements or grant funding that should be removed from the calculation of eligible costs. As such the CIP list has been adjusted as follows:

#### New 2022-2027 CIP Grant Deductions (Non-Eligible Costs)

Park Impact Fee Grant Debits							
Project Name	Total 2022-2027	2022	2023	2024	2025	2026	2027
<b>Port Susan Trail</b>							
Dept of Commerce	\$727,160	\$727,160					
RCO	\$948,000	\$448,000			\$500,000		
State Ped/Bike Program	\$2,416,750		\$305,000	\$1,700,000		411750	
<b>Heritage Park</b>	\$0	\$0	\$0	\$0	\$0	\$0	0
<b>Hamilton Park</b>	\$0						
RCO	\$500,000		\$500,000				
<b>Ovenell Park</b>	\$0						
RCO	\$500,000				\$500,000		
<b>Johnson Farm Park</b>	\$0	0	0	0	0	\$0	0
<b>Church Creek Park</b>	\$0	\$0	0	0	0	\$0	\$0
<b>Downtown Park</b>	\$0						
Dept of Commerce	\$200,000	200000					
<b>Total:</b>	<b>\$5,291,910</b>	<b>\$1,375,160</b>	<b>\$805,000</b>	<b>\$1,700,000</b>	<b>\$1,000,000</b>	<b>\$411,750</b>	<b>\$0</b>

Once the deducts are determined, those costs are then subtracted from the 2022-2027 CIP cost by project to determine eligible CIP costs.

PIF Eligible Costs =  
6-Year CIP – Grants

Project	Eligible PIF Cost
Port Susan Trail	\$805,090
Heritage Park	\$900,000
Hamilton Park	\$590,000
Ovenell Park	\$1,805,000
Johnson Farm Park	\$350,000
Church Creek Park	\$866,750
Downtown Park	\$1,140,000
<b>Total:</b>	<b>\$6,456,840</b>

**Step 3 A: Calculate Construction and Acquisition Costs - “C” Factor in Formula**

Using the revised project list and project costs, the next step is to determine the development and acquisition costs per acre as provided below.

Project	Eligible PIF Costs	Acres or Fixed	Development Cost/Acre
Port Susan Trail	\$805,090	9 Acres	\$89,454.44
Heritage Park	\$900,000	44.05 Acres	\$20,431.33
Hamilton Park	\$590,000	2.84 Acres	\$207,746.48
Ovenell Park	\$1,805,000	17.65 Acres	\$102,266.29
Johnson Farm Park	\$350,000	15 Acres	\$23,333.33
Church Creek Park	\$866,750	15.39 Acres	\$56,319.04
Downtown Park	\$1,140,000	0.11 Acres	\$125,400.00
<b>Total:</b>	<b>\$6,456,840</b>		<b>\$624,950.91</b>

**Step 3 B: Apply the Proportionate Share Factor to the Construction Cost Figure**

To address the nexus issue between parks needed for new growth versus the needs of the existing population, a multiplier has been applied to the construction cost formula that reflects the expected percent of projected growth. The theory is that existing development pays X% of the construction / acquisition costs associated with the adopted Park Capital Improvement Plan and new growth pays the remaining X% of the cost.

Per the 2015 Comprehensive Plan, the City & Urban Growth Area are expected to grow from 7,187 people to 11,085. This is a difference of 3,898 people or 35% of the 2035 expected population. Applying the concept that the fee should reflect the cost to new development only, the estimated future development costs are multiplied by 35% to get the cost attributed to new growth.

Applying the growth factor of 35% to the 2020-2025 CIP construction costs results in the following “C” factor in the formula. Note that there are no acquisition costs in this update as there are no proposed property acquisitions within the 6-year CIP planning horizon.

Proportionate Share Calculation	Development Cost / Acre
Total PIF Eligible Construction Costs:	\$624,950.91
Growth Factor	35%
Construction Cost Attributed to New Growth	\$218,732.82

### Step 3 C: Update the “U” Factor in Formula

Since the last update, the Office of Financial Management (OFM) has provide the City with updated data on the number of persons per household (PPH). This number is the “U” in the formula and referred to as: average occupancy rate.

The 2017 PIF Formula only included two housing types: single family residential and multifamily residential. By applying the updated OFM occupancy rate by structure, more housing types have been added. This creates an impact fee that is more responsive to the impacts associated with different housing types. The following OFM occupancy rates have been applied to the formula as follows:

Persons Per Household Data

Unit Type	2021 PPH
Single Family Residence	2.95
2 Unit Duplex / Townhome	1.75
3 & 4 Unit Townhomes	2.4
5+ Multifamily Complexes	1.97

### Step 4: Apply the Adopted City Formula

The City currently has a 40/60 percent ratio applied to the proportionate share adjustment figure: or “A” in the formula. Using the adopted City formula with the 40% adjustment factor the Park Impact Fee is calculated as follows:

$$PIF = \frac{C \times S \times U \times A}{P}$$

C = Average Development and Acquisition Cost per Acre = \$188,739

S = Level of Service Standard: 2.5 acres per 1,000 residents for each neighborhood and community parks = 5.0 acres per 1,000 residents

P = 1,000 (People)

U = Average Occupancy: 2.83 / SFR, 1.68 Duplex, 2.12 3&4 Unit Townhouses and 1.88 MFR (These are updated numbers based on the Comprehensive Plan and Office of Financial Management’s 2019 population projections for Stanwood.

A = Adjustment Rate of 60%

$$PIF = \frac{C \times S \times U \times A}{P}$$

C = Average Development and Acquisition Cost per Acre \$218,732.82  
 S = Adopted Level of Service Standard 5  
 U = Average Occupancy by Unity Type Varies  
 A = Adjustment Factor Adopted by City Council 60%  
 P = 1,000 Persons 1,000

Single Family Residential	PIF = (\$218,732.82 X 5 X 2.95 X .60)/1,000	\$1,935.79
2 Unit Duplex / Townhome	PIF = (\$218,732.82 X 5 X 1.75 X .60)/1,000	\$1,148.35
3 & 4 Unit Townhomes	PIF = (\$218,732.82 X 5 X 2.4 X .60)/1,000	\$1,574.88
5+ Multifamily Complexes	PIF = (\$218,732.82 X 5 X 1.97 X .60)/1,000	\$1,292.71

### Step 5: Adopt New Park Impact Fee

The final step in the process is adopting the new Park Impact Fee by updating both the fee resolution and municipal code. The proposed Park Impact Fee is based on the 2022-2027 Parks Capital Improvement Plan project list.

Unit Type	Adopted 2017 PIF	2019 Draft PIF Pre-Covid Draft	2017-2019 Differenced	% Difference	Proposed 2022 PIF*	2017-2022 Difference	% Difference
Single Family Residential	\$ 1,330	\$ 1,602	\$ 272	20%	\$ 1,936	\$ 606	46%
2 Unit Duplex / Townhouse	\$ 1,042	\$ 951	\$ (91)	-9%	\$ 1,148	\$ 106	10%
3 & 4 Unit Townhouse	\$ 1,042	\$ 1,200	\$ 158	15%	\$ 1,575	\$ 533	51%
5+ Multifamily Residential	\$ 1,042	\$ 1,064	\$ 22	2%	\$ 1,292	\$ 250	24%

\* Note: Costs were rounded up or down at the .5 mark

### Impact Summary Results

A comparison of the proposed 2022 fee against the 2017 shows an increase for all residential housing types: single family residential, duplex, townhouse and multifamily residential building permits.