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SUBJECT: Transportation Impact Fee Update
DATE: October 23, 2024

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PRESENTATION TYPE:
Informational Briefing

SUMMARY:

Public Works staff will provide a presentation about transportation impact fees. Impact fees are one-time fees jurisdictions can use to help pay for the cost of capital improvements needed to accommodate new growth. This presentation will include an overview of transportation impact fees, prior recommendations, project scope, and project schedule.

BACKGROUND:

Transportation impact fees (TIF) are one-time charges assessed to new developments to pay a portion of the costs of new infrastructure capacity necessary to accommodate new growth. Multiple statutes provide cities the authority to impose impact fees to fund improvements. Most commonly, cities apply impact fees using the authority provided by the Growth Management Act, per RCW 82.02.050 and WAC 365-196-850.

Transportation impact fees are the most commonly used type of impact fee. State law also allows fees for fire protection, parks, and schools. Each type of fee must be adopted by the City Council, and each type of fee must only be used for projects that are needed to accommodate new growth—they cannot be used for maintenance activities.

The Comprehensive Plan and multiple subarea plans approved by the City Council have identified the need to implement transportation impact fees. Additionally, the Planning Commission and the Transportation Commission have requested proposals from staff to illustrate how transportation impact fees could be structured for Tacoma.

In 2018, staff from the Public Works, Fire, and Legal Departments conducted a code evaluation and applicability analysis for the City of Tacoma. The evaluation included an analysis for each impact fee type. City Council concurred with staff recommendations that additional work be conducted to evaluate how an impact fee program should be tailored to meet the needs of the City. In 2021, City staff developed an Impact Fee Framework Study. The study developed a potential framework for transportation impact fees, readiness evaluation of each impact fee type, and fee stacking implications with input from stakeholders and the community. This framework provided additional information to consider in developing a structure and implementation of a transportation impact fee program that meets City priorities and planned growth.

ISSUE:

Although not all local agencies in Washington State assess transportation impact fees for new development, they are a common tool for counties and cities. Each agency implementing transportation impact fees must develop a program which is tailored to the needs within that agency. Before the City can consider



implementing transportation impact fees, a customized proposal must be developed. This customized program must then be defined in ordinance and passed by the City Council before going into effect.

ALTERNATIVES:

This is an information briefing only. There are no alternatives presented.

FISCAL IMPACT:

This is an information briefing only. There is no fiscal impact.

RECOMMENDATION:

This is an information briefing only. There is no recommendation.