




City of Tacoma

City Council Action Memorandum

TO: Hyun Kim, Interim City Manager
FROM: Jennifer Kammerzell, Interim Transportation Division Manager, Public Works 
Jeffrey A. Jenkins, Director, Public Works
COPY: City Council and City Clerk
SUBJECT: Ordinance: Amending Chapter 10.31 of the Municipal Code - Establishing Transportation Impact Fees
- December 2, 2025
DATE: November 21, 2025

SUMMARY AND PURPOSE:

An ordinance amending and establishing a new chapter in the Tacoma Municipal Code, Chapter 10.31, relating to Transportation Impact Fees, authorizing the City to collect transportation impact fees from new development to help fund critical transportation infrastructure improvements, effective June 1, 2026.

COUNCIL SPONSORS:

Council Member Kristina Walker

BACKGROUND:

This Department's Recommendation is Based On: The City of Tacoma is experiencing continued growth, and new development places additional demand on the City's transportation network. Without a dedicated funding mechanism, the City will continue to face increasing challenges in maintaining, safe, efficient, and equitable mobility for all users. Transportation impact fees ensure that growth pays its fair share and that the City can continue to invest in infrastructure that supports economic development, access to opportunity, safety, and sustainability.

By 2050, the region will grow by another 1.6 million people, with a focus in the urbanized areas of the region. Tacoma is required to plan for a share of that growth through local transportation plans that align with future land use, population, and job growth goals. The One Tacoma 2050 Vision is that every Tacoma resident is a safe and short walk, roll, bus, train, or bike ride away from daily essentials and community amenities, such as groceries, schools, parks, and healthcare. 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 and counties the authority to impose impact fees to fund improvements. Most commonly, cities and counties apply impact fees using the authority provided by the Growth Management Act, per RCW 82.02.050-100 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 Council-approved One Tacoma Comprehensive Plan, multiple subarea plans, and City initiatives, including Home in Tacoma, have identified the projects through the Capital Facilities Program and need to implement transportation impact fees to address the expected growth. In 2018, staff from the Public Works, Fire, and Legal Departments conducted a code evaluation and applicability analysis for City of Tacoma. The evaluation included an analysis for each impact fee type. The 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 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.

Upon completion of the 2021 work, the City Council directed Public Works to develop a Transportation Impact Fee program. On October 23, 2024, Public Works staff provided a presentation to the Infrastructure, Planning, and Sustainability Council Committee about the consultant's scope of work for this effort. On June 11, 2025, and August 27, 2025, Public Works staff provided a presentation to the Infrastructure, Planning, and Sustainability Council Committee on proposed districts, draft per trip fees, and potential exemptions and reductions.

To ensure fairness and minimize unintended burdens, the proposed code language includes exemptions and partial exemptions:

- Full exemptions apply to:
 - o Alterations or replacements of existing structures that do not add dwelling units or change the type of unit
 - o Nonresidential alterations that do not expand usable space or change land use
 - o Miscellaneous improvements such as fences, pools, and signs
 - o Demolition or relocation of structures
 - o Temporary or minor-impact developments (e.g., special events, temporary structures)
- Partial exemptions include:
 - o An 80 percent reduction for low-income housing developments with a recorded covenant ensuring long-term affordability
 - o An 80 percent reduction for early learning facilities where at least 25% of children qualify for state-subsidized childcare
 - o A 50 percent reduction for multifamily projects within station areas that qualify for a property tax exemption under RCW 84.14.020(1)(a)(ii)(D)

If a development that received an exemption or reduction later changes its use or no longer qualifies, the full impact fee will become due at the time of conversion. This approach ensures that the fee program supports growth while projecting affordability and encouraging community-serving development.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

The proposed Transportation Impact Fee program will primarily affect developers and property owners undertaking new residential, commercial, and industrial development within the City of Tacoma. These stakeholders will be required to pay a one-time fee at the time of building permit issuance, based on the projected impact of their development on the City's transportation system. To ensure the proposal reflects community needs and priorities, the City conducted a multi-year engagement effort beginning in 2018. This includes presentations and discussions with the Planning Commission, Transportation Commission, and the Infrastructure, Planning, and Sustainability Committee and Study Session with City Council. Outreach to key stakeholder groups, including the Tacoma Permit Advisory Group and Climate and Sustainability Commission as well as technical analysis and policy development in partnership with Fehr & Peers and Berk Consulting.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility:

The proposed Transportation Impact Fee legislation is designed to advance equity by ensuring that costs of growth are more distributed and that infrastructure investments benefit all Tacoma community members, especially those in historically underserved and underinvested communities. Tacoma's growth has placed increasing pressure on the



transportation system, and without a dedicated funding source, the burden of infrastructure improvements often falls disproportionately on existing residents, many of whom live in areas with limited access to safe, multimodal transportation options. By requiring new development to contribute its fair share, this legislation helps reduce that imbalance. This proposal supports prioritizing investments in underserved neighborhoods, with the project list informed by Tacoma’s Equity Index and Transportation and Mobility Plan to ensure improvements are directed toward areas with the greatest need. To protect affordability, the ordinance includes provisions for exemptions and reductions for affordable housing and community-serving developments, helping to ensure the fee structure does not create barriers to growth.

Economy/Workforce: *Equity Index Score: Very Low Opportunity*

Increase the number of infrastructure projects and improvements that support existing and new business developments.

Increase the number of diverse livable wage jobs.

Livability: *Equity Index Score: Very Low Opportunity*

Increase the number of Complete Compact Communities/20-Minute Neighborhoods throughout the city.

Increase positive public perception of safety and overall quality of life.

Explain how your legislation will affect the selected indicator(s).

By funding transportation infrastructure that supports new and existing business development, this legislation will help attract and retain employers in Tacoma. Improved roads, sidewalks, and transit access make commercial corridors more viable and accessible, which in turn supports job creation. Additionally, the construction and maintenance of transportation projects funded by transportation impact fees will generate diverse, living-wage jobs in the public works and construction sectors. These investments will help reduce economic disparities and expand workforce opportunities in historically disinvested neighborhoods. The legislation also supports the City goals of creating more Complete Compact Communities and 20-minute neighborhoods, places where residents can access daily needs within a short walk, bike ride, or transit trip. By funding sidewalks, bike lanes, trails, and transit-supportive infrastructure, the transportation impact fee program will improve connectivity and mobility in areas that currently lack safe, multimodal options. These improvements are expected to enhance the public perception of safety, reduce transportation-related isolation, and improve overall quality of life in neighborhoods with low opportunity scores.

ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Pass the proposed Transportation Impact Fee ordinance	-Establishes a sustainable, growth-related funding source for transportation infrastructure -Promotes equitable investment in underserved areas -Aligns with the Equity Index and Transportation and Mobility Plan Supports economic development and livability goals	May increase development costs, potentially impacting housing affordability or small business projects without exemptions or reductions



2. Delay adoption to conduct further study or community engagement	-Allows for additional input from stakeholders -May refine fee structure or exemptions to better reflect community priorities	-Delays implementation of a critical funding tool -Missed opportunities to align with upcoming development cycles -Infrastructure funding gap remains unaddressed
3. Do not pass the proposed Transportation Impact Fee ordinance	-Avoids additional costs to developers -Maintains current permitting process without added complexity	-Continues reliance on limited general funds and grants -Infrastructure needs from new development remain unfunded -Continues inequities in underserved neighborhoods lacking safe, multimodal infrastructure

EVALUATION AND FOLLOW UP:

To evaluate the success of the proposed Transportation Impact Fee program, staff will track and report on a set of key performance indicators aligned with the City’s transportation, equity, and growth management goals. These include:

- Revenue Generation: Amount of transportation impact fees collected annually, compared to projected targets, and spent on selected projects that would have come from other sources
- Project Delivery: Number and percentage of transportation projects funded by impact fees that are completed on schedule and within budget, mileage of roadways, bikeways, and pedestrian facilities constructed that are funded by impact fees
- Geographic Equity: Distribution of funded projects across neighborhoods, with a focus on investments in areas identified as “Very Low Opportunity” in the City’s Equity Index
- Development Trends: Monitoring of development activity to assess whether the fee structure is impacting housing production, commercial growth, or permit volumes

Staff will provide annual updates to Council including a summary of collections, expenditures, project progress, and equity outcomes. These updates will also include recommendations for any adjustments to the fee schedule, exemptions, or project list based on community feedback, development trends, or changes in state law.

STAFF/SPONSOR RECOMMENDATION:

The Public Works Department recommends Council approve the proposed Transportation Impact Fee legislation, with an effective date of June 1, 2026.

FISCAL IMPACT:

The Transportation Impact Fee program is projected to generate approximately \$16 million annually or \$164 million in 10 years in new, dedicated revenue to fund transportation infrastructure improvements across the City. The estimate is based on anticipated new development activity citywide and reflects a trip-based fee structure, where fees are assessed according to the number of vehicle trips a development is expected to generate. The revenue will



support projects identified in the City’s Capital Facilities Program as referenced in the One Tacoma Comprehensive Plan.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
New Fund	New Cost Center	Various	Approx. \$16M annually
TOTAL			Approx. \$16M/Annually

What Funding is being used to support the expense?

The new Transportation Impact Fee program will be supported by revenues generated by the fee itself, therefore a new fund will be made to administer the program.

Are the expenditures and revenues planned and budgeted in this biennium’s current budget?

NO, PLEASE EXPLAIN BELOW

Transportation Impact Fees have not been budgeted to be spent in this current biennium.

Are there financial costs or other impacts of not implementing the legislation?

YES

Will the legislation have an ongoing/recurring fiscal impact?

YES

Will the legislation change the City’s FTE/personnel counts?

YES, PLEASE EXPLAIN BELOW

Public Works will need to hire an administrator of the fund to keep account of funds in future biennium, currently we will manage this fund with existing staff.

ATTACHMENTS:

- Proposed amendments