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COPY: Infrastructure, Planning, and Sustainability Committee
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SUBJECT: Impact Fees
DATE: September 1, 2021

PRESENTATION TYPE:
Informational Briefing

SUMMARY:

Public Works Department and Fehr & Peers staff will provide the Infrastructure, Planning, and Sustainability Committee with a presentation about the draft final Impact Fee Framework report on September 1, 2021. Impact fees are one-time fees jurisdictions can use to help pay for cost of capital improvements needed to accommodate new growth.

BACKGROUND:

Impact Fees 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.

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. As a complement to transportation impact fees, staff has been working with the Fire Department regarding meeting the need for additional fire protection infrastructure generated by new development.

On September 11, 2018, staff from the Public Works, Fire, and Legal departments provided a presentation at City Council Study Session about impact fees. 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. Additionally, the program considerations should include phase-in periods, the types of fees collected, the total cost to development, and whether or not geography is a consideration. The program structure and phasing would also be developed in collaboration with a stakeholder committee.

Based on the City Council direction in 2018, the Public Works and Fire Departments developed a recommended framework for impact fees in the City based on community engagement and City



priorities. The draft final Impact Fee Framework report would provide additional information to consider for developing a structure and implementation of a program.

Staff provided a presentation to the Infrastructure, Planning, and Sustainability Committee on the proposed scope of work for development of the framework on February 10, 2021. Staff also provided a joint presentation to the Transportation Commission and Planning Commission on February 17, 2021. Staff then provided presentations on the development of the Impact Fee Framework to the Transportation Commission on April 21, 2021 and May 19, 2021, and the Planning Commission on August 4, 2021. The project team also conducted targeted outreach to the Commission on Immigrant and Refugee Affairs, Human Rights Commission, Centro Latino, and Tacoma Permit Advisory Task Force.

The draft final Impact Fee Framework report is recommending continuation of the impact fee program development. Staff is scheduled to present the study recommendations and draft final Impact Fee Framework to the Transportation Commission on August 18, 2021.

ISSUE:

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