

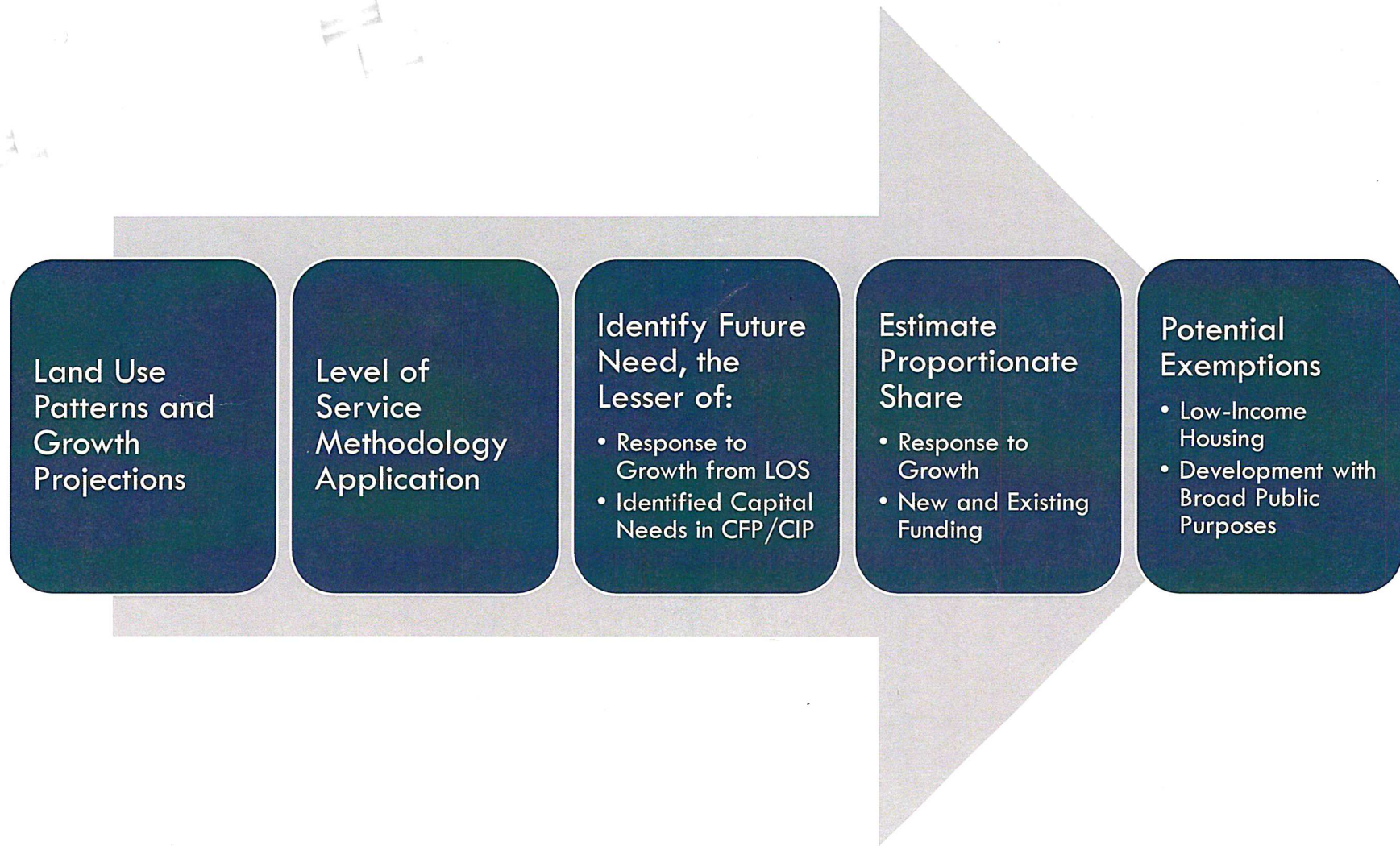
Tukwila Fire and Parks Impact Fees Update

Finance Committee

November 21, 2017



Impact Fee Analysis Process and Inputs



Impact Fee Purpose

- At the heart of impact fees is the idea that growth should pay for growth
- For the purposes of the City of Tukwila's impact fees, growth is the expected addition of residents and employees
 - However, impact fees are charged during the permitting process, so residential units and commercial square feet are used as a proxy for growth

Growth Assumptions

- The City responds to growth targets set in the Countywide Planning Policies
 - The CPP set housing and employment targets
 - From these targets, we used linear extrapolation to find annual estimates

Expected City Demographics	2017 Estimate	2018 Estimate	2027 Estimate	2030 Target
Housing Units	7,833	8,085	10,749	11,820
Population	19,660	19,695	24,367	
Employment	50,330	50,924	56,559	58,628

Expected Growth	2018-2027	2013-2030 Target
Housing Units	2,916	4,765
Population	4,707	
Employment	6,269	13,530

Sources: City of Tukwila, 2017; Washington OFM, 2008-2017; Puget Sound Regional Council, 2017; BERK Consulting, 2017.



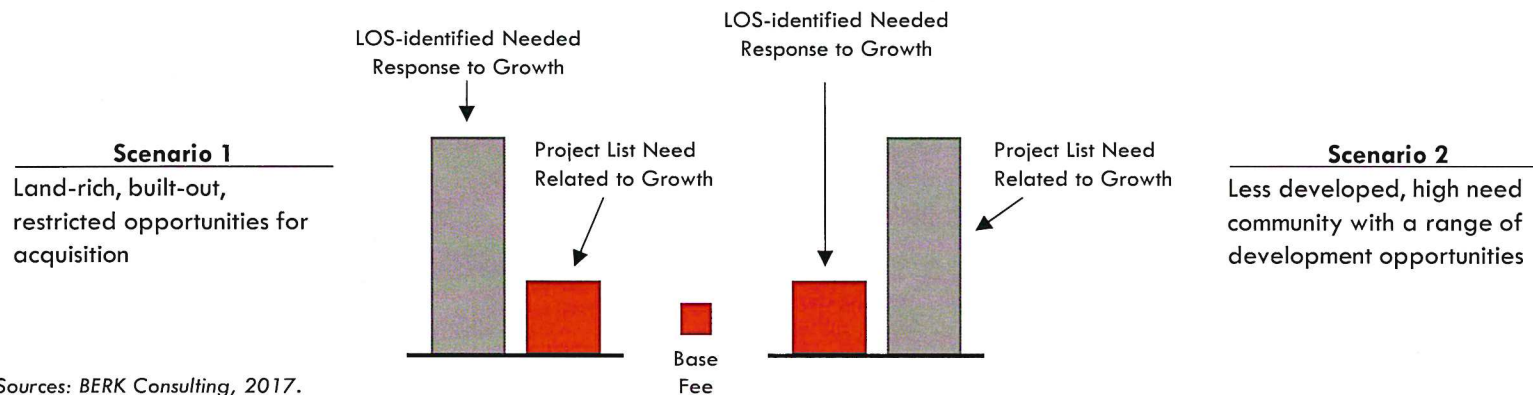
Level of Service Methodology

- The level of service (LOS) standards adopted in the Parks Element of the *Comprehensive Plan* (or document incorporated therein) dictate how the City should respond to growth
 - The LOS standards are the goal the City has set for providing fire and parks services to users
 - Impact fees cannot address existing deficiencies; if an LOS is not being met for current users, impact fees cannot be used to fill the gap
 - Tukwila Fire Department LOS Standard:
 - Time-based response standard
 - Tukwila Parks and Recreation LOS Standards:
 - All residents and visitors should be within $\frac{1}{4}$ to $\frac{1}{2}$ mile of a City-owned park
 - The investment per capita in the City's park systems (including land and facilities)

Future Needs

Driven From State Factors

- LOS standards suggest the system additions necessary to respond to the anticipated growth, but capital projects are the realization of the need
 - There can be misalignment between identified LOS need and the projects the City believes can actually be accomplished
 - The Tukwila Fire Department and City identify capital projects as part of the Comprehensive Plan process
 - Washington State law requires that impact fees can only fund projects from the Capital Facilities Element of a Comprehensive Plan
 - The lesser of the need identified by the LOS standard or the identified project list will become the binding impact fee



Sources: BERK Consulting, 2017.

CIP Projects & Impact Fees

- Any system capital improvement project intended to serve new growth can be funded by growth-based fee, though only the portion directly addressing growth can be funded by impact fees
- Projects must be in a published Capital Facilities Plan Element; Tukwila's incorporates the recently completed *2017-2022 Financial Planning Model and Capital Improvement Program*
 - 16 fire and parks projects were identified as growth related and impact fee eligible

CIP Projects & Impact Fees

Project Description	Total Project Cost	Impact Fee-Eligible Project Cost	% of Project Cost from Impact Fees
Fire Projects			
Relocate Fire Station 51	\$8,832,000	\$4,504,400	51%
Replace Fire Station 52	\$13,755,000	\$7,015,000	51%
Replace Fire Station 54	\$9,665,000	\$4,929,300	51%
Fire Apparatus & Equipment	\$29,932,500	\$7,483,100	25%
EOC to Relocate to Justice Center	\$8,099,500	\$4,130,700	51%
Total Fire Projects	\$70,284,000	\$28,062,500	40%
Parks Projects			
Lake to Sound Trail	\$86,000	\$20,400	24%
Park Improvements	\$1,835,000	\$458,750	25%
Fort Dent Park	\$2,695,000	\$625,000	23%
Duwamish Hill Preserve Phases II & III	\$11,738,000	\$4,500,000	38%
Dog Park Projects	\$80,000	\$40,000	50%
Tukwila Pond Trail & Boardwalk	\$3,904,000	\$2,400,000	61%
Tukwila South Trail	\$1,000,000	\$500,000	50%
Macadam Winter Garden & Wetland	\$1,000,000	\$237,200	24%
Open Space Improvements	\$1,275,000	\$318,750	25%
Tukwila Urban Center Pedestrian Bridge	\$10,741,000	\$500,000	5%
Synthetic Turf Field (TCC or Foster most likely locations)	\$2,000,000	\$800,000	40%
Total Parks Projects	\$36,354,000	\$10,400,100	29%
Total Fire and Parks Projects	\$106,638,000	\$38,462,600	36%

Sources: City of Tukwila, 2017; BERK Consulting, 2017.



Proportionate Share

- Proportionate share has two considerations:
 - The share of the each identified project that responds to growth
 - Some projects may be planned solely as a response to growth, such as new connecting trails for green field developments
 - Most projects are likely to be growth related, where added capacity is needed because of additional users
 - The share of new revenues the City expects from new users
 - New residents and employees provide tax revenues for the City
 - They can also increase success rates at securing other funding, such as Washington State RCO grants

Proportionated Share: Other Funding

- State law requires that cities' "financing for system improvements to serve new development must provide for a **balance between impact fees and other sources of public funds**" (RCW 82.02.050(2))
 - Impact fees **cannot be sole source of funding** for system improvements that address growth impacts
 - There is **no specific legal requirement** regarding exactly **how this balance is achieved**
- Some portion of the anticipated revenue will need to be applied to system improvements to serve new development

Draft Fee Schedules for Fire and Parks

Fire Impact Fee Schedule

Residential			
	Single Family	Multifamily	Total
2016 Units	3,569	4,004	7,573
2016 Incidents per Property Type	729	886	1,615
Incidents per Unit	0.204	0.221	
Cost per Incident			\$11,218
Unadjusted per Unit Fee	\$2,291.31	\$2,482.23	
Expected Revenue per Capita			\$34.08
People per Unit	2.89	2.51	
Expected Revenue per Unit	\$98.35	\$85.67	
Fire Impact Fee Rates per Unit	\$2,192.96	\$2,396.56	

Commercial				
	Retail	Office	Industrial	Total
2016 Built Square Feet	7,087,600	7,183,598	13,778,128	28,049,326
2016 Incidents per Property Type	1,213	251	163	1,627
Incidents per Built 1,000 Square Feet	0.171	0.035	0.012	
Cost per Incident				\$11,218
Unadjusted Fee per 1,000 Gross Square Feet	\$1,919.84	\$391.95	\$132.71	
Expected Revenue per Employee				\$34.08
Employees per 1,000 Gross Square Feet	2.49	2.18	1.24	
Expected Revenue per 1,000 Gross Square Feet	\$84.86	\$74.15	\$42.18	
Fire Impact Fee Rates per Gross Square Feet	\$1,834.98	\$317.81	\$90.53	

Parks Impact Fee Schedule

Residential			
	Single Family	Multifamily	Total
Growth in Population			4,707
Identified Capital Need from Growth			\$10,400,100
Per Capita Investment Needed to Respond to Growth			\$947.53
Household Size	2.89	2.51	
Unadjusted per Unit Fee	\$2,734.35	\$2,381.97	
Expected Revenue per Capita			\$13.77
People per Unit	2.89	2.51	
Expected Revenue per Unit	\$39.74	\$34.62	
Parks Impact Fee Rates per Unit	\$2,694.61	\$2,347.35	

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Employees per 1,000 Gross Square Feet	2.49	2.18	1.24	
Expected Revenue per 1,000 Gross Square Feet	\$34.29	\$29.96	\$17.05	
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Sources: City of Tukwila, 2017; BERK Consulting, 2017.



Draft Residential Fire Impact Fee Schedule

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Exemptions

- Two types of residential exemptions
 - Low-income housing
 - Development with broad public purposes
- For low-income housing, the City can set a partial or complete exemption for residential impact fees
 - However, to portion of any low-income exemption above 80% must be paid by the City using public funds other than impact fees
 - In the existing ordinances, the City elected to provide a sliding scale reduction based on the affordability of the units

Unit Size	Affordability Target	Fee Reduction
Two or more bedrooms	80%	40%
Two or more bedrooms	60%	60%
Any size	50%	80%

- The proposed ordinances continues this system

Next Steps

- November 27th: City Council Committee of the Whole Meeting: public hearing
- December 4th: City Council Regular Meeting: ordinance adoption
- January: Ordinance effective

Questions

END

FIRE AND PARK IMPACT FEE UPDATE

2017

Comparison of Existing Fees with Proposed Fees

FIRE

Comparison to Existing Impact Fees

Comparison to Other Agencies

	Comparison to Existing Impact Fees				Comparison to Other Agencies					
	2008 Fees	DRAFT 2018 Fees	Increase (Decrease)	Change	Update Year ->	2017	2016	2017	2017	2014
					Puget Sound RFA	Renton	Burien	Kirk- land	Red- mond	Ed- monds
* Single Family	\$ 922	\$ 2,193	\$ 1,271	138%	\$ 1,741	\$ 719				
* Multi-Family	\$ 1,200	\$ 2,397	\$ 1,197	100%	\$ 1,639	\$ 719				
** Retail	\$ 580	\$ 1,835	\$ 1,255	216%	\$ 1,210	\$ 880				
** Office	\$ 1,624	\$ 318	\$ (1,306)	-80%	\$ 1,210	\$ 210				
** Industrial	\$ 127	\$ 91	\$ (36)	-29%	\$ 1,210	\$ 120				
<i>Hospital/Med/Civic/ School</i>					\$ 810					
<i>Assisted Care</i>					\$ 161					

PARKS

Comparison to Existing Impact Fees

Comparison to Other Agencies

	Comparison to Existing Impact Fees				Comparison to Other Agencies					
	2008 Fees	DRAFT 2018 Fees	Increase (Decrease)	Change	Update Year ->	2017	2016	2017	2017	2014
					Puget Sound RFA	Renton	Burien	Kirk- land	Red- mond	Ed- monds
* Single Family	\$ 1,426	\$ 2,861	\$ 1,435	101%	n/a	\$ 2,740	\$ 1,405	\$ 4,047	\$ 3,574	\$ 2,734
* Multifamily	\$ 1,398	\$ 2,492	\$ 1,094	78%	n/a	\$ 2,224	\$ 1,238	\$ 3,075	\$ 2,873	\$ 2,340
** Retail	\$ 419	\$ 2,469	\$ 2,050	489%	n/a	\$ -	\$ -	\$ -	\$ 530	\$ 1,340
** Office	\$ 837	\$ 2,157	\$ 1,320	158%	n/a	\$ -	\$ -	\$ -	\$ 1,220	\$ 1,340
** Industrial	\$ 262	\$ 1,227	\$ 965	368%	n/a	\$ -	\$ -	\$ -	\$ 540	\$ 1,340