



INFORMATIONAL MEMORANDUM

TO: Finance & Governance Committee

FROM: Tony Cullerton, Interim Finance Director
David Rosen, Parks & Recreation Analyst

DATE: June 25, 2024

SUBJECT: Fiscal Year 2025 Parks & Fire Impact Fees Updates

ISSUE

Per TMC 16.26.080 and 16.28.080, the Fire and Park Impact Fee Schedules are to be updated annually with the resultant schedule changes becoming effective January 1 of each year. The last updates were made via Ordinance 2708 for Fire Impact Fees and Ordinance 2709 for Park Impact Fees, approved by City Council in August of 2023, creating the 2024 Fire Impact Fee Schedule in Figure 16-1 “Fee Schedule” as Exhibit B to Ordinance 2708 and the 2024 Parks Impact Fee Schedule in Figure 16-1 “Fee Schedule” as Exhibit B to Ordinance 2709. Staff seeks to update the Fire and Park Impact Fee schedules for 2025 to include revised rate structures reflecting current economic conditions.

BACKGROUND

Fire and Park Impact Fees are one-time charges assessed against a new development project as a means of helping pay for public facilities that will be needed to address increased demand for services created by the development itself. Fire Impact Fees support the development of facilities related to and the purchase of capital items for fire response services. Park Impact Fees support the acquisition and development of parks, trails, natural areas, and recreation facilities. The developer of a proposed residential or commercial development pays the impact fees at the time a building permit is issued.

ANALYSIS

Authority to impose these fees is granted via Revised Code of Washington (RCW) as well as the Washington Administrative Code (WAC). While no RCW or WAC exists that imposes any restrictions on or creates any requirements concerning how a city updates its fee schedule, the City has adopted an index to inform the updating of fees.

TMC 16.26.080 (1) for Fire Impact Fees and TMC 16.28.080 (1) for Park Impact Fees require the use of the Construction Cost Index for Seattle (June-June) published by the Engineering News Record to calculate annual inflation adjustments in the impact fee rates.

The index uses the following components for its calculations:

- Seattle price for portland cement
- Seattle price for 2X4 lumber
- National average price for structural steel
- Local union wages plus fringes, for carpenters, bricklayers, and iron workers

The table below reflects the Construction Cost Index (CCI) for Seattle from June 2022 to June 2024.

Note: Due to rounding, the proposed fee increase may not be the same in terms of percentage change.

Date	CCI	YoY % Change
June 2024	15492.6	1.65
June 2023	15241.7	3.96
June 2022	14661.2	N/A
Total Change 2022-2024	831.4	5.67%

LEGAL CONSIDERATIONS

In April of 2024, the Supreme Court of the United States (SCOTUS) decided on *Sheetz v. County of El Dorado, California*. Per the Municipal Research and Services Center (MRSC), this decision will have the effect of requiring the *Nollan* and *Dolan* test (Named after SCOTUS cases *Nollan v. California Coastal Commission (1987)* and *Dolan v. City of Tigard (1994)*) to apply to permit conditions. This test requires that permit conditions:

1. Have a nexus to the government’s land-use interest, and
2. Be roughly proportional to the development’s impact on the land-use interest

In effect, the *Sheetz* ruling may require municipalities such to be prepared to demonstrate their work in the development of impact fees and their schedules, in order to successfully argue that said fees meet the requirements of *Nollan* and *Dolan*.

City staff discussed the impacts of *Sheetz* with the City Attorney’s Office, who determined at this time that the inflationary updates to Park and Fire Impact Fees can proceed. It is the opinion of attorneys with Ogden Murphy Wallace that the state statutes that enable impact fee programs within the State of Washington already have the *Nollan* and *Dolan* tests built into them and would therefore likely pass muster under these tests should they be subject to scrutiny. City staff will continue to monitor ongoing developments concerning the *Sheetz* decision in collaboration with the City Attorney’s Office, MRSC, and other concerned entities should the need arise.

FINANCIAL IMPACT

Fire and Park Impact Fees are not a general fund revenue source; therefore, passage of these ordinances does not create any general fund cashflows. Also, due to impact fees only being earned when development occurs, the impact of approving these ordinances is indeterminate at this time.

RECOMMENDATION

Department staff recommends the Finance & Governance Committee approve the proposed ordinances and forward them to the August 5th, 2024 Regular Council Meeting Consent Agenda for final approval.

ATTACHMENTS

- A --- Proposed Ordinance for Fire Impact Fees (Includes proposed rate schedule)
- B --- Proposed Ordinance for Park Impact Fees (Includes proposed rate schedule)
- C --- Construction Cost Index Data (Seattle, WA June 2022 to June 2024) & FY25 Update Calculations
- D --- Fire & Park Impact Fee Historical Revenue (2015 – 2024 YTD)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, AMENDING ORDINANCE NO. 2571 TO UPDATE THE FIRE IMPACT FEE SCHEDULE AS CODIFIED IN TUKWILA MUNICIPAL CODE CHAPTER 16.26 AS FIGURE 16-1, "FEE SCHEDULE"; REPEALING ORDINANCE NO. 2708; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City Council adopted Ordinance No. 2571 related to fire impact fees on May 7, 2018; and

WHEREAS, Tukwila Municipal Code Sections 16.26.060, 16.26.070, and 16.26.080 provides direction on annual updates to fire impact fees;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:

Section 1. Repealer. Ordinance No. 2708 is hereby repealed in its entirety.

Section 2. Fire Impact Fee Schedule Amended. Exhibit B to Ordinance No. 2571 is hereby amended to update the Fire Impact Fee Schedule codified as Figure 16-1, "Fee Schedule," as attached hereto.

Section 3. Corrections by City Clerk or Code Reviser Authorized. Upon approval of the City Attorney, the City Clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering.

Section 4. Severability. If any section, subsection, paragraph, sentence, clause or phrase of this ordinance or its application to any person or situation should be held to be invalid or unconstitutional for any reason by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this ordinance or its application to any other person or situation.

Section 5. Effective Date. This ordinance or a summary thereof shall be published in the official newspaper of the City, and shall take effect and be in full force January 1, 2025.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this _____ day of _____, 2024.

ATTEST/AUTHENTICATED:

Andy Youn, CMC, City Clerk

Thomas McLeod, Mayor

APPROVED AS TO FORM BY:

Filed with the City Clerk: _____

Passed by the City Council: _____

Published: _____

Effective Date: _____

Ordinance Number: _____

Office of the City Attorney

Attachment: Updated Figure 16-1, "Fee Schedule," for Fire Impact Fees
(Exhibit B to Ordinance No. 2571)

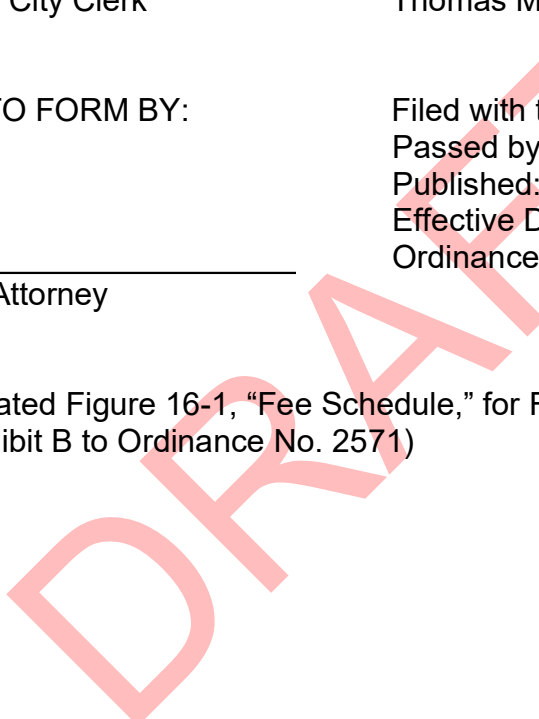


Figure 16-1 “Fee Schedule”

Exhibit B

CITY OF TUKWILA
 FIRE IMPACT FEE SCHEDULE (2025)

	FIRE Impact Fee
RESIDENTIAL – per dwelling unit	
(a) Single family	\$ 2,363 <u>2,402</u>
(d) with fire sprinkler system installed	\$ 2,221 <u>2,258</u>
(b) Multi-family	\$ 2,722 <u>2,767</u>
 COMMERCIAL/NON-RESIDENTIAL	
- per 1,000 square feet of development	
(c) Retail	\$ 2,647 <u>2,691</u>
(c) Office	\$ 1,033 <u>1,050</u>
(c) Industrial/Manufacturing	\$ 221 <u>225</u>

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- (a) Attached accessory dwelling units are exempt from impact fees.
 - (b) A structure with more than two dwelling units.
 - (c) See the more detailed land use descriptions in the Land Use Categories document.
 - (d) 6% discount for single family units with fire sprinkler system installed representing the portion of all incidents that were fire only—as opposed to emergency medical incidents. Per Section 16.26.120.B.9. of the Tukwila Municipal Code, “A fee payer installing a residential fire sprinkler system in a single-family home shall not be required to pay the fire operations portion of the impact fee.”

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, AMENDING ORDINANCE NO. 2572 TO UPDATE THE PARKS IMPACT FEE SCHEDULE AS CODIFIED IN TUKWILA MUNICIPAL CODE CHAPTER 16.28 AS FIGURE 16-1, "FEE SCHEDULE"; REPEALING ORDINANCE NO. 2709; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City Council adopted Ordinance No. 2572 related to parks impact fees on May 7, 2018; and

WHEREAS, Tukwila Municipal Code Sections 16.28.060, 16.28.070, and 16.28.080 provides direction on annual updates to park impact fees;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:

Section 1. Repealer. Ordinance No. 2709 is hereby repealed in its entirety.

Section 2. Parks Impact Fee Schedule Amended. Exhibit B to Ordinance No. 2572 is hereby amended to update the Parks Impact Fee Schedule codified as Figure 16-1, "Fee Schedule," as attached hereto.

Section 3. Corrections by City Clerk or Code Reviser Authorized. Upon approval of the City Attorney, the City Clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering.

Section 4. Severability. If any section, subsection, paragraph, sentence, clause or phrase of this ordinance or its application to any person or situation should be held to be invalid or unconstitutional for any reason by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this ordinance or its application to any other person or situation.

Section 5. Effective Date. This ordinance or a summary thereof shall be published in the official newspaper of the City, and shall take effect and be in full force January 1, 2025.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this _____ day of _____, 2024.

ATTEST/AUTHENTICATED:

Andy Youn, CMC, City Clerk

Thomas McLeod, Mayor

APPROVED AS TO FORM BY:

Filed with the City Clerk: _____
Passed by the City Council: _____
Published: _____
Effective Date: _____
Ordinance Number: _____

Office of the City Attorney

Attachment: Updated Figure 16-1, "Fee Schedule," for Parks Impact Fees
(Exhibit B to Ordinance No. 2572)

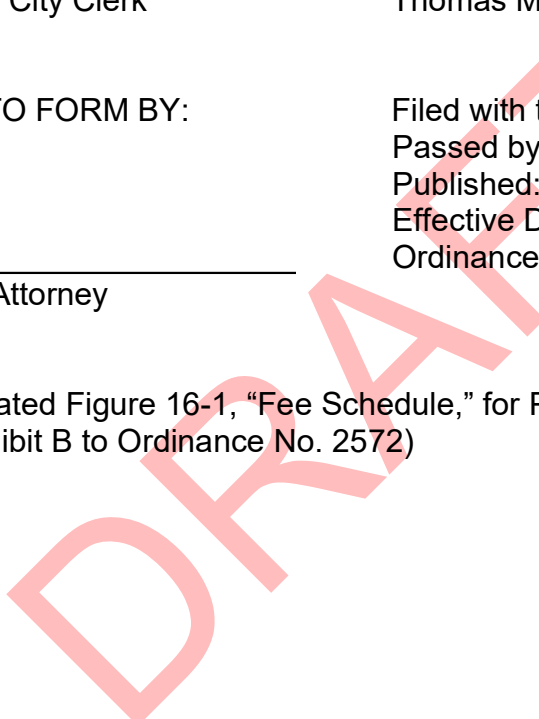


Figure 16-1 “Fee Schedule”

Exhibit B

CITY OF TUKWILA
 PARKS IMPACT FEE SCHEDULE [\(2025\)](#)

	PARKS Impact Fee
RESIDENTIAL – per dwelling unit	
(a) Single family	\$ 3,773 3,835
(b) Multi-family	\$ 3,287 3,341
COMMERCIAL/NON-RESIDENTIAL - per 1,000 square feet of development	
(c) Retail	\$ 1,726 1,754
(c) Office	\$ 1,555 1,581
(d) K-12 Educational Facilities	\$ 312 317
(c) Industrial/Manufacturing	\$ 863 877

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- (a) Attached accessory dwelling units are exempt from impact fees.
 - (b) A structure with more than two dwelling units.
 - (c) See the more detailed land use descriptions in the Land Use Categories document.
 - (d) 80% discount for K-12 educational facilities.

ENR Cost Index - Seattle, WA

YEAR	MONTH	CCI	%CHG
2024	June	15492.56	1.6
2024	May	15495.06	3.1
2024	April	15492.56	3.1
2024	March	15477.56	2.5
2024	February	15475.06	2.6
2024	January	15311.86	1.2
2023	December	15174.36	0.4
2023	November	15337.56	0.9
2023	October	15335.06	0.9
2023	September	15332.56	0.9
2023	August	15171.86	2.0
2023	July	15174.36	3.0
2023	June	15241.71	4.0
2023	May	15030.95	2.8
2023	April	15031.28	3.7
2023	March	15106.78	4.5
2023	February	15087.53	4.6
2023	January	15132.08	10.3
2023	December	15115.33	10.5
2023	November	15202.68	11.8
2023	October	15197.93	12.0
2023	September	15202.41	12.4
2023	August	14873.27	10.4
2023	July	14738.6	11.2
2022	June	14661.19	11.4

2024 2025
PARKS IMPACT FEES

RESIDENTIAL – per dwelling unit

(a) Single family

(b) Multi-family

\$ 3,773	\$ 3,835	1.64%
\$ 3,287	\$ 3,341	1.64%
\$ 1,726	\$ 1,754	1.62%
\$ 1,555	\$ 1,581	1.67%
\$ 312	\$ 317	1.60%
\$ 863	\$ 877	1.62%

COMMERCIAL/NON-RESIDENTIAL

- per 1,000 square feet of development

(c) Retail

(c) Office

(d) K-12 Educational Facilities

(c) Industrial/Manufacturing

$$\% \text{ Increase} = \frac{\text{New CCI} - \text{Base CCI}}{\text{Base CCI}} \times 100$$

2024 2025

FIRE IMPACT FEES

RESIDENTIAL – per dwelling unit

- (a) Single family
- (b) with fire sprinkler system installed
- (c) Multi-family

\$ 2,363	\$ 2,402	1.65%
\$ 2,221	\$ 2,258	1.67%
\$ 2,722	\$ 2,767	1.65%
\$ 2,647	\$ 2,691	1.66%
\$ 1,033	\$ 1,050	1.65%
\$ 221	\$ 225	1.81%

COMMERCIAL/NON-RESIDENTIAL
- per 1,000 square feet of development

- (c) Retail
- (c) Office
- (c) Industrial/Manufacturing

$$\% \text{ Increase} = \frac{\text{New CCI} - \text{Base CCI}}{\text{Base CCI}} \times 100$$

