



## AGENDA BILL APPROVAL FORM

<b>Agenda Subject:</b> ZOA17-0007; Ordinance # 6668 to revise school district impact fees for year 2018		<b>Date:</b> November 28, 2017
<b>Department:</b> Community Development & Public Works Dept.	<b>Attachments:</b> Ordinance No. 6668	<b>Budget Impact:</b> (none)
<b>Administrative Recommendation:</b> City Council to introduce and adopt Ordinance No. 6668 to revise school impact fees for 2018.		
<b>Background Summary:</b> <p>Title 19 (Impact Fees) of the Auburn City Code contains standards and regulations pertaining to the collection of impact fees in the City of Auburn. Specifically, Chapter 19.02 (School Impact Fees) addresses the establishment, calculation, collection and amendment of <b>school impact fees</b> within the municipal boundaries of the City of Auburn. The city originally established school impact fees in 1998 by Ordinance No. 5078. Portions of four school districts occur within the City limits.</p> <p>Pursuant to Code Section 19.02.060 (Annual Council Review) of the Auburn City Code, on at least an annual basis, the Auburn City Council shall review the information submitted by the Districts pursuant to ACC 19.02.050. The review shall be in conjunction with any update of the capital facilities plan element of the city's comprehensive plan. The City Council may also at this time determine if an adjustment to the amount of the impact fees is necessary.</p> <p>The City of Auburn Annual Comprehensive Plan Amendment process for 2017 included requests for City approval of the Capital Facilities Plans of the four districts as follows:</p> <ul style="list-style-type: none"> <li>* 2017 - 2023 Auburn School District Capital Facilities Plan;</li> <li>* 2018-2023 Dieringer School District Capital Facilities Plan;</li> <li>* 2018 Federal Way School District Capital Facilities Plan; and</li> <li>* 2017-2018 through 2022-2023 Kent School District Capital Facilities Plan.</li> </ul> <p>These requests were submitted in accordance with the provisions of Section 19.02.050 (Submission of District Capital Facilities Plan and Data) of the Auburn City Code.</p> <p>The School Districts' Capital Facilities Plans are contained in the working notebooks (three-ring binders) for the 2017 Annual Comprehensive Plan Amendments, distributed to the City Council prior to the 11-27-17 study session.</p>		
<b>Reviewed by Council &amp; Committees:</b> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Arts Commission  <input type="checkbox"/> Airport  <input type="checkbox"/> Hearing Examiner  <input type="checkbox"/> Human Services  <input type="checkbox"/> Park Board  <input checked="" type="checkbox"/> Planning Comm.         </div> <div style="width: 45%;"> <b>COUNCIL COMMITTEES:</b>  <input type="checkbox"/> Finance  <input type="checkbox"/> Municipal Serv.  <input checked="" type="checkbox"/> Planning &amp; CD  <input type="checkbox"/> Public Works  <input type="checkbox"/> Other _____         </div> </div>		<b>Reviewed by Departments &amp; Divisions:</b> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Building  <input type="checkbox"/> Cemetery  <input type="checkbox"/> Finance  <input type="checkbox"/> Fire  <input checked="" type="checkbox"/> Legal  <input type="checkbox"/> Public Works         </div> <div style="width: 45%;"> <input type="checkbox"/> M&amp;O  <input type="checkbox"/> Mayor  <input type="checkbox"/> Parks  <input checked="" type="checkbox"/> Planning  <input type="checkbox"/> Police  <input type="checkbox"/> Human Resources         </div> </div>
<b>Action:</b> Committee Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No Council Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No      Call for Public Hearing ____/____/____ Referred to _____ Until ____/____/____ Tabled _____ Until ____/____/____		
<b>Councilmember:</b>		<b>Staff:</b> Snyder
<b>Meeting Date:</b> December 4, 2017		<b>Item Number:</b>

**Definition**

The city's code section 19.02 contains the city's regulations governing school impact fees. It provides the following definition:

*"Impact fee" means a payment of money imposed upon development as a condition of development approval to pay for school facilities needed to serve new growth and development that is reasonably related to the new development that creates additional demand and need for public facilities, that is a proportionate share of the cost of the school facilities, and that is used for such facilities that reasonably benefit the new development.*

**Related Authority**

Other key points of the city's regulations include:

- ❖ The impact fee shall be based on a capital facilities plan adopted by the school district and incorporated by reference by the city as part of the capital facilities element of the city's comprehensive plan, adopted pursuant to Chapter 36.70A RCW, for the purpose of establishing the fee program.
- ❖ Separate fees shall be calculated for single-family and multifamily types of dwelling units, and separate student generation rates must be determined by the district for each type of dwelling unit.
- ❖ The fee shall be calculated on a district-wide basis using the appropriate factors and data supplied by the district. The fee calculations shall also be made on a district-wide basis to assure maximum utilization of all available school facilities in the district which meet district standards.
- ❖ As a condition of the city's authorization and adoption of a school impact fee ordinance, the city and the applicable district shall enter into an interlocal agreement governing the operation of the school impact fee program, and describing the relationship and liabilities of the parties. The agreement must provide that the district shall hold the city harmless for all damages.
- ❖ On an annual basis (by July 1st or on a date agreed to by district and the city and stipulated in the interlocal agreement), any district for which the city is collecting impact fees shall submit the Capital facilities plan and supporting information to the city.
- ❖ Applicants for single-family and multifamily residential building permits shall pay the total amount of the impact fees assessed before the building permit is issued, using the impact fee schedules in effect, unless the fee has been deferred pursuant to City Ordinance No. 6341.
- ❖ The impact fee calculation shall be based upon the formula set forth in ACC 19.02.110, "Impact fee formula". The formula is the city's determination of the appropriate proportionate share of the costs of public school capital facilities needed to serve new growth and development to be funded by school impact fees based on the factors defined in ACC 19.02.020. Based on this formula, the "Fee Obligation" is the "Total Unfunded Need" x 50% = Fee Calculation.

The Capital Facilities Plans that were approved by each of the school boards contain proposed school impact fees for each of the Districts. The requests for adjustment of the school impact fees are required to be submitted concurrent with the submittal of the Capital Facilities Plans. Under City regulations a separate letter request is only required to be submitted to the city when the fee adjustment is requested to increase.

**Council Review and Decision**

The establishment of the actual fees occurs through separate Council action amending Chapter 19.02 of the Auburn City Code. Section 19.02.060, (Annual Council Review) specifies the following:

*“On at least an annual basis, the city council shall review the information submitted by the district pursuant to ACC 19.02.050. The review shall be in conjunction with any update of the capital facilities plan element of the city's comprehensive plan. The city council may also at this time determine if an adjustment to the amount of the impact fees is necessary; provided, that any school impact fee adjustment that would increase the school impact fee shall require the submittal of a written request for the adjustment by the applicable school district concurrent with the submittal of the annual capital facilities plan pursuant to ACC 19.02.050. In making its decision to adjust impact fees, the city council will take into consideration the quality and completeness of the information provided in the applicable school district capital facilities plan and may decide to enact a fee less than the amount supported by the capital facilities plan.”*

Section 19.02.060 establishes that the Auburn City Council is not obligated to accept the fees proposed by the School Districts within their submitted Capital Facilities Plans and may establish fees that the Council determines are more appropriate and consistent with the public's interest in reasonably mitigating school impacts within the affected portion of the City.

**Recommendation (Contained in draft Ordinance No. 6668)**

**Auburn School District:**

The Auburn School District indicated by letter submitted with their Capital Facilities Plan, that they are requesting an increase in school impact fees for the year 2018. The year 2018 for single-family dwellings is proposed to be \$3,321.86, a decrease of \$2,147.51 and the requested fee for multiple-family dwellings is \$2,081.29, an increase of \$441.59. The actual impact fees are established by ordinance through subsequent City Council action.

**Dieringer School District:**

The Dieringer School District indicated by letter submitted with their Capital Facilities Plan that they are requesting an increase in school impact fees for year 2018. The year 2018 fees for single-family dwellings as identified in the CFP is proposed to be \$3,760.00, an increase of \$360.00 and the requested fee for multiple family dwellings is \$1,081.00; a decrease of \$678.00. The actual impact fees are established by ordinance through subsequent City Council action.

While, a proposed fee calculation of \$3,760.00 for single family residential and \$1,081.00 for multiple family residential is identified based on their Capital Facilities Plan, related to this, the Pierce County Council by Ordinance No. 2017-78 adopted November 7, 2017; effective January 1, 2018, establishing a school impact fee for the Dieringer School District of \$3,485.00 for single family residential and \$1,081.00 for multiple family residential (See Exhibit). Pierce County routinely establishes a uniform rate for all districts within their jurisdiction and only makes yearly adjustments based on the Consumer Price Index. The Dieringer School District is the only school district common to both the jurisdictions of the City of Auburn and Pierce County.

It appears appropriate to establish a fee applicable in the City of Auburn for the Dieringer School district that is the same as the fee implemented in Pierce County's fee since it is more appropriate and consistent with the public's interest in reasonably mitigating school impacts within the affected portion of the City. The draft Ordinance No. 6668 has been prepared to reflect school impact fees that are the same as Pierce County's school impact fee and differs from what the Dieringer School District has requested, as historically has been done.

Federal Way School District:

The Federal Way School District indicated by letter submitted with their Capital Facilities Plan that they are requesting an increase in school impact fees for year 2018. The year 2018 fees for single-family dwellings is proposed to be \$6,842.00, representing an increase of \$3,644.00 and the requested fee for multi-family dwellings is \$20,086.00, an increase of \$11,700.00. The actual impact fees are established by ordinance through subsequent City Council action.

According to communication from Tanya Nascimento, Student & Demographic Forecaster of the Federal Way Public Schools, there are several factors which have driven the multiple family impact fees to increase quite significantly in this plan. One factor is an increase in observed multiple-family student generation rates. When calculating the impact fees for their capital facilities plan, the District can only use actual student generation rates, either based on district or the King County average. Prior to 2016, there had been no multi-family developments in our District, so we were using the King County average. In 2015, the first of three multi-family developments was opened and fully occupied in the City of Federal Way. The second was opened and occupied in late 2016 and the third was opened in fully occupied in summer of 2017. The first two developments have been included in the generation rate calculation for this plan. The specific generation rates can be found on Page 29. These multiple-family complexes are generating more than one student per unit which is significantly higher than past developments within the School District.

In addition to the high student generation rates, the District completed work with its Facilities Planning Committee which determined a need for additional capacity at a number of schools. As a result of this work, Phase II of the District's plan will be placed on the November ballot for a bond request. The facilities impacted during Phase II can be found on Page 7 of the Capital Facilities Plan. Anticipated funding for this project can be found on the Six-Year Finance Plan on Page 9. The Finance Plan outlines the anticipated timeline for beginning and completion of the various projects. It is important to note that not all projects within Phase II will create additional capacity. Only costs associated with increasing needed capacity are used in the formula for calculating Impact Fees. The specific cost calculations are outlined on Page 32 of the Capital Facilities Plan.

Kent School District

The Kent School District indicated by letter submitted with their Capital Facilities Plan that they are requesting an increase in school impact fees for year 2018. The year 2018 fees for single-family dwellings is proposed to be \$2,267.00, representing an increase of \$57.00 and the requested fee for multi-family dwellings is \$5,235.00, an increase of \$135.00. The actual impact fees are established by ordinance through subsequent City Council action.

Scheduling of Actions

A review and discussion of the School District Capital Facilities Plans school impact fee changes and Ordinance No. 6668 was held by City Council at the Study Session November 27, 2017. City Council consideration is planned for December 4, 2017.