

Responses to Planning Commission Questions

What are impact fees?

Impact fees are a one-time charge providing for the joint public and private funding of public parks facilities and services necessitated by development. As growth occurs the impact fees can help ensure the park system is improved to meet the needs of new community members. Impact fees must be based on a level of service and linked to a capital project list. By law, impact fees cannot fund 100% of new capital needs. Impact fees have been available to communities planning under the Growth Management Act since 1990 for transportation, fire protection, schools, and parks.

For more information on the laws and requirements see the Draft Impact Fee Rate Study.¹

Why is the City of Everett considering a park impact fee?

Parks and trails are important for the Everett community and provide opportunities for:

- Living a healthy active lifestyle,
- Connecting with families and the community at park spaces and events,
- Supporting the local economy and tourism,²
- Connecting with nature,
- Conserving fish and wildlife habitat including water quality and wildlife corridors, and
- Providing tree canopy contributing positively to air quality and mitigating climate change.

Many policies in the current Comprehensive Plan recognize these values (see the current Land Use, Parks and Recreation, and Urban Design Elements, as well as others; highlights are included in the [Staff Report](#)¹ docket evaluation and exhibits). The Comprehensive Plan anticipates high growth targets to 2035 and beyond and parks are seen as an asset for an attractive, growing, and healthy community.

Parks are a public good and each community determines public funding levels possible through available revenue sources. As with other infrastructure and public service systems, funding sources are limited and cities and counties seek a variety of funding sources to meet their local needs.

The Comprehensive Plan Parks and Recreation element and Capital Facilities element identify consideration of a parks impact fee as well as other funding options:

- **Parks and Recreation Element Strategy 9.4.4:** If appropriate, seek funding through park impact fees and a Levy proposal to support needed park and recreation facility and annual maintenance and operations improvements and meet the future needs of residents.

¹ **Note:** Please see the latest Planning Commission packets, here: <https://everettwa.gov/QuickLinks.aspx?CID=290>.

² A 2011 study found that Seattle's parks system was worth over \$650 million with value contributions including: • Direct use value • Additional property sales value re park proximity • Health value • Profit from park-related tourism • Tax receipts: increased property value • Community cohesion value • Tax receipts: increased tourism value • Stormwater management value ~Trust for Public Land, 2011

Value increase to homes located within 1,500 feet of the following types of parks: • Natural Areas: \$10,648 • Golf Courses: \$8,849 • Specialty Parks: \$5,657 • Urban Parks: \$1,214 ~Active Living Research, May 2010

- **Capital Facilities Element Policy 6.6.7:** The City in their comprehensive parks and recreation planning should explore alternative means of capital improvement funding; such as parks impact fees, forming a Metropolitan Parks District or other mechanism. Funding could be directed at providing and maintaining new and improved facilities to respond to the needs and demands of Everett’s growing population that lives predominantly in higher density residential developments.

There are similar policies in the 2016 Parks, Recreation, and Open Space Plan:

- **PROS Policy 12.1 Finance:**
 - **12.1.1:** Investigate innovative available methods, such as impact fees, land set-a-side or fee-in-lieu-of-donation ordinances, and interlocal agreements, for the financing of facility development, maintenance, and operating needs in order to reduce costs, retain financial flexibility, match user benefits and interests, and increase services.
 - **12.3.2:** Create effective and efficient methods of acquiring, developing, operating, and maintaining open space, trail, park, and recreational facilities in manners that accurately distribute costs and benefits to public and private user interests – such as the application of impact fees where new urban developments impact potential level-of-service (ELOS) standards.

How are Everett parks funded today? What are other funding options?

Overall Funding: Most of Parks and Facilities Department funding comes from the City General Fund. Spending for the City as a whole is forecasted to outpace revenues. The Department represents approximately 4% of total City General Fund spending. As dedicated capital funding, impact fees will not address the structural imbalance and by law cannot be used to address existing deficiencies.

Parks and Facilities Capital Funding: The Department provides park system maintenance, operations, and capital funding. Capital project spending has averaged 5% of Department spending over the past 16 years. Most of the City’s capital projects are for capital replacement and little of it adds new capacity for growth. The City uses two funding sources for capital projects Real Estate Excise Tax and grants.

Capital – REET2: Currently, most of the capital projects are funded by Real Estate Excise Tax (REET) 2 to fund park capital projects. Of these, REET2 is the only other parks funding source that is made by new development residents/employees. REET2 can address capital replacement (e.g. replace worn out facilities), as well as new capital investments; it is a shared revenue source with other facility needs. The City has an informal financial policy to spend approximately 50% of REET2 on parks capital projects.

The rate study projects the amount of potential REET2 funding in the 10-year period under consideration for impact fees. It is a fraction of what would be needed to meet the levels of service that are set just to have a similar ratio of park facilities for new community members as existing community members enjoy.

Grants may have restrictions on the type of facilities that can be funded (e.g. athletic versus passive facilities) and may be for either new capacity projects or capital replacement. See also “How has the City implemented the current PROS Plan?”

Additional Funding Options:

- **Impact fees** are only meant to address capital improvements that add capacity to the park system (e.g. expanded playgrounds, new ballfields at an existing park, new trail, new neighborhood parks).

- **Levies** can be a source of new revenues in the form of a voter-approved increase in property tax levies. A statewide initiative passed in 2001 restricts cities of Everett’s population to a 1% annual increase of the regular property tax levy. Levies can be temporary or permanent, and the use of the additional revenue is determined by the voter resolution.
- **Park districts** are special taxing districts that allow the City to raise dedicated funding. There are four types of park districts, although Metropolitan Parks Districts are the most common type in urban areas. Forming a park district will require voter approval.

Each of the potential funding or financing sources is screened according to the following criteria:

- **Magnitude.** Estimates the order of magnitude of these options.
- **Feasibility.** Estimates how realistic each option is to be used for parks and recreation revenues.
- **Flexibility.** Estimates the extent to which each option is restricted for certain purposes, or vice versa.

Exhibit 1. Capital Funding and Financing Options Evaluation Summary

Funding Source	Magnitude (Annual \$)	Feasibility	Flexibility	Notes
Current Available Options				
Real Estate Excise Tax	▲ \$1,000,000s	▼	■	Used for capital only; currently split ~50% with transportation; no expected increases
Motor Vehicle Fuel Tax	▼ \$10,000s	▼	▼	Currently used for transportation projects
Grants	■ \$100,000s	▲	■	Often matching funds
Possible Future Options				
Parks Impact Fees	▲ \$1,000,000s	▲	■	Only capital related to growth; Council action required
Metropolitan Parks District*	▲ \$10,000,000s	▼ / ■	▲	Formation of a new taxing jurisdiction; voter approval required
Parks Levy	▲ \$10,000,000s	▼ / ■	▲	Voter approval required; could be combined with a multipurpose levy
Financing Options**				
Parks and Open Space GO Debt**	▲ \$10,000,000s	■	■	Vote required; capital only
General Governmental GO Debt**	▲ \$10,000,000s	▲	■	60% of capacity is councilmanic and does not require a vote

Notes: * An Metropolitan Parks District (MPD) could be formed for limited purposes (construction and operate a pool) or for general parks functions. The results here assume an MPD collocated with city boundaries; MPDs can cross municipal boundaries be some combination of county and neighboring cities.

** Debt is not new revenue, but a mechanism to move money through time.

Sources: City of Everett, 2021; Snohomish County Assessor, 2020; Washington State Auditor’s Office, 2021; BERK, 2021

Does the City have other similar fees and charges?

The City collects transportation impact fees and school impact fees in [Title 19](#).

- 19.50 Small Project Impact Fee
- 19.51 Transportation Mitigation
- 19.52 School District Impact Fees

The City also collects system development charges for sewer and water to improve the general systems as growth occurs:

- [14.08.135](#) Special connection charges.

How has the City implemented the current PROS Plan?

The PROS Plan allowed the City to qualify for several grants to partially fund projects since 2016 as follows:

- Edgewater Park Sports Court
- Forest Park Sport Court Renovation
- Howarth Park Sport Court Renovation
- Kasch Park Synthetic Turf Replacement
- Legion Park Sport Court Renovation
- Phil Johnson Ballfields Renovation
- Rotary Park Renovations

These projects involved capital replacement/renovations with some added capacity. The City obtained about \$2.3 million of the total cost of the subject projects. However, this is only 2% of the 31 capital projects identified in 2016 PROS Plan totaling \$114 million.

What are some examples of communities that have successfully implemented park impact fees?

Peer communities that the City tracked in its 2018 Benchmarking, Tax Burden, and Organizational Analysis Study included the following; five of the eight implement park impact fees:

- Auburn (PIF)
- Kent (PIF)
- Spokane Valley
- Bellingham (PIF)
- Kirkland (PIF)
- Yakima
- Federal Way
- Renton (PIF)

Within Snohomish County the following impose park impact fees: Bothell, Brier, Granite Falls, Lake Stevens, Lynnwood, Marysville, Mill Creek, Monroe, Mukilteo, Snohomish city, Snohomish county.

Highlights from jurisdictions in each of the Central Puget Sound counties are provided below.

Lynnwood (Snohomish County)

In 2018, the City adopted a park impact fee for residential and non-residential uses that are similar to the fees under consideration by Everett at this point. Lynnwood produces an [annual report of impact fees collected](#). In 2020 alone, over \$2.2 million was collected, primarily from non-residential projects and from a large residential project. Two park projects in 2020 were identified as being supported by impact fees in just that year.

Renton (King County)

The City Parks Planning and Natural Resources Director Leslie Betlach notes that Impact Mitigation Funds are essential for the City to remain current with the impacts of growth. Community and Economic Development staff update the amount collected every biennial budget process.

The following very recent projects have included Parks Impact Fees as one of the funding components:

1. May Creek Trail South property acquisition. Acquisition costs - \$611,364 with 50% funded by grant and 50% funded by the Impact Mitigation fees. The City leveraged the grant funding with the Impact Mitigation fees.
2. Philip Arnold Park Renovation - funds used for added capacity only (\$1.5 million). This is a 55 year old park. Total estimated costs - \$6.21 million
3. Kiwanis Park Renovation – funds used for added capacity only (\$941,000). This is a 55 year old park. Total estimated costs - \$6.9 million
4. Cascade Park Playground replacement - funds used for added capacity only (\$90,000) Total estimated costs - \$544,255

See attached email.

Sumner (Pierce County)

The City used to have small SEPA mitigation fees. The City did a PROS Plan and full-fledged impact fees for residential and non-residential uses. While the population is relatively small, Sumner is a major job center in the County and BERK has interviewed industrial developers / architects that have said they look at Sumner and other locations as an alternative to Paine Field since it is largely built out. The City is planning for denser centers for mixed uses. They have had six mixed use and multifamily projects since their Town Center and other centers plans were adopted.

Per their Community Services Manager, Derek Berry, the impact fees have been very successful in helping Sumner leverage their funds for grant opportunities and to expand and make improvements to their parks and trail networks. They have yet to hear of any developers or community members complain or dispute the fees.

The City has been able to help expand or fund the following improvements because the impact fees are now appropriate:

- Bennett Property acquisition (first park acquisition and development in 15+ years) – Pierce County Conservation Futures Funding Assistance - Currently working on this master plan and will use impact fees as grant match toward development
- Loyalty Park Inclusive Playground Installation – Playground replacement funding assistance
- Rainier View Covered Court – RCO Grant and State LCP Funding Assistance
- Fryar Ave Trail Expansion/Connection – PSRC Funding Assistance
- Rivergrove Community Pedestrian Bridge – Sound Transit Station Access Funding Assistance
- Seibenthaler Park master plan currently underway, will use impact fees as match grant for capacity adding development

In general Sumner has been able to start addressing the needs of the community because of the impact fee adjustment. Without the adjustment staff doesn't think any of these would have been moving forward as quickly or possibly at all.

Pierce County

Pierce County adopted park impact fees in 1996 (less than \$400 per dwelling), with a major update adopted in 2016 (around \$2,500 per dwelling, with pending index adjustments to about \$3,000 per dwelling). Since the update \$16.5M in impact fees have been collected (7/2017-12/2020).

Four projects were completed using impact fees since the update in 2016 (project type in parentheses):

- Cross Park (new)
- Dawson Playfield (complete summer 2021) (existing)
- Heritage Recreation Center Turf Fields (existing)
- Foothills Trail – South Prairie to Buckley (trail)

20 projects in the 2022-2027 CFP will be funded partially through collected impact fees.

Would the LOS and capital projects be viable without the impact fee?

If the impact fee is not implemented the level of service standard could be adjusted downward to rates of parks and trails below what the community is currently provided, meaning there may be more heavy use of existing parks and trails and fewer new developed parks and trails as the community grows. The City could also retain the goal level of service standard if other funding sources were identified. Phasing in of the goal level of service standard could also occur to stage the policy and the capital projects as additional funding or partnerships are secured. See the staff report for more discussion.

How would the park impact fee affect example projects?

Example non-residential and residential developments are evaluated with the addition of the park impact fee (at 100%) on top of other impact fees and compared to other jurisdictions. The proposals reflect an industrial development and a multifamily development already through Everett’s permit process. Everett is in the range of other examples at either 100% or 50% of the fee.

Exhibit 2. Example Industrial Development
(Mountain View Building A 307,616 square feet)

	Tacoma	Kent	Renton	Redmond*	Lynnwood*	Everett at 100%*	Everett at 50%*
Trans./Parks/Schools Impact Fee per sq. ft.	\$0.00	\$0.66	\$0.82	\$12.09	\$6.65	\$1.00	\$0.74
Cost for Example Building	\$0	\$202,684	\$252,908	\$3,719,511	\$2,045,646	\$307,353	\$228,624

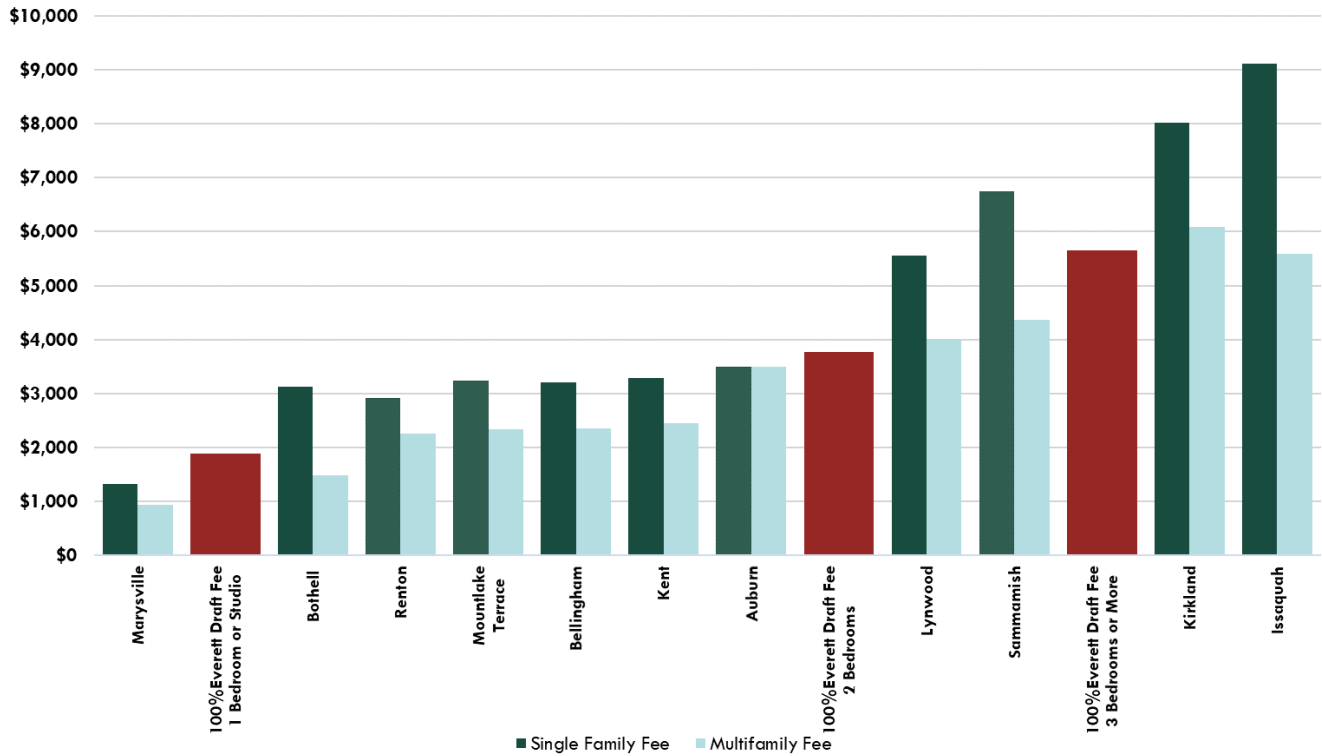
*Commercial park impact fees applied.

Exhibit 3. Example Residential Development
(Waterfront Apts, 266 dwelling units, estimated 233,607 square feet)

	Tacoma	Kent	Renton	Redmond	Lynnwood	Everett at 100%	Everett at 50%*
Trans./Parks/Schools Impact Fee per sq. ft.	\$0.00	\$7.82	\$20.66	\$13.64	\$7.12	\$4.04	\$2.76
Cost for Example Building	\$0	\$1,827,416	\$4,825,393	\$3,185,620	\$1,664,165	\$943,568	\$644,296

The proposed park fee is in the range of example park impact fees for residential and non-residential uses. While non-residential fees are less common than residential fees, Everett is a metropolitan city in the region and a large majority of employees do not live in Everett. The fee options do not count all potential employees in the rates.

Example Residential Park Impact Fees: 100% - 2-Bedroom is most common unit size in Everett



Example Residential Park Impact Fees: 50% - 2-Bedroom is most common unit size in Everett

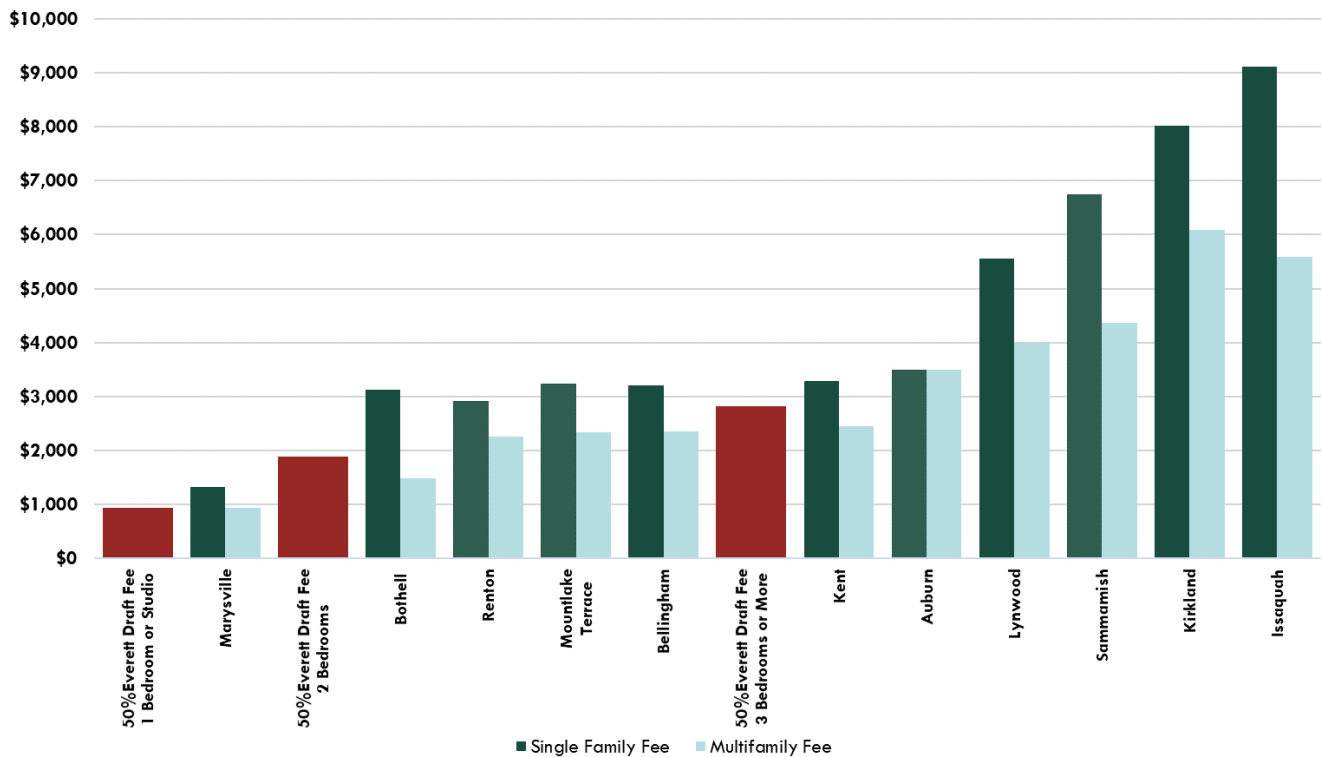
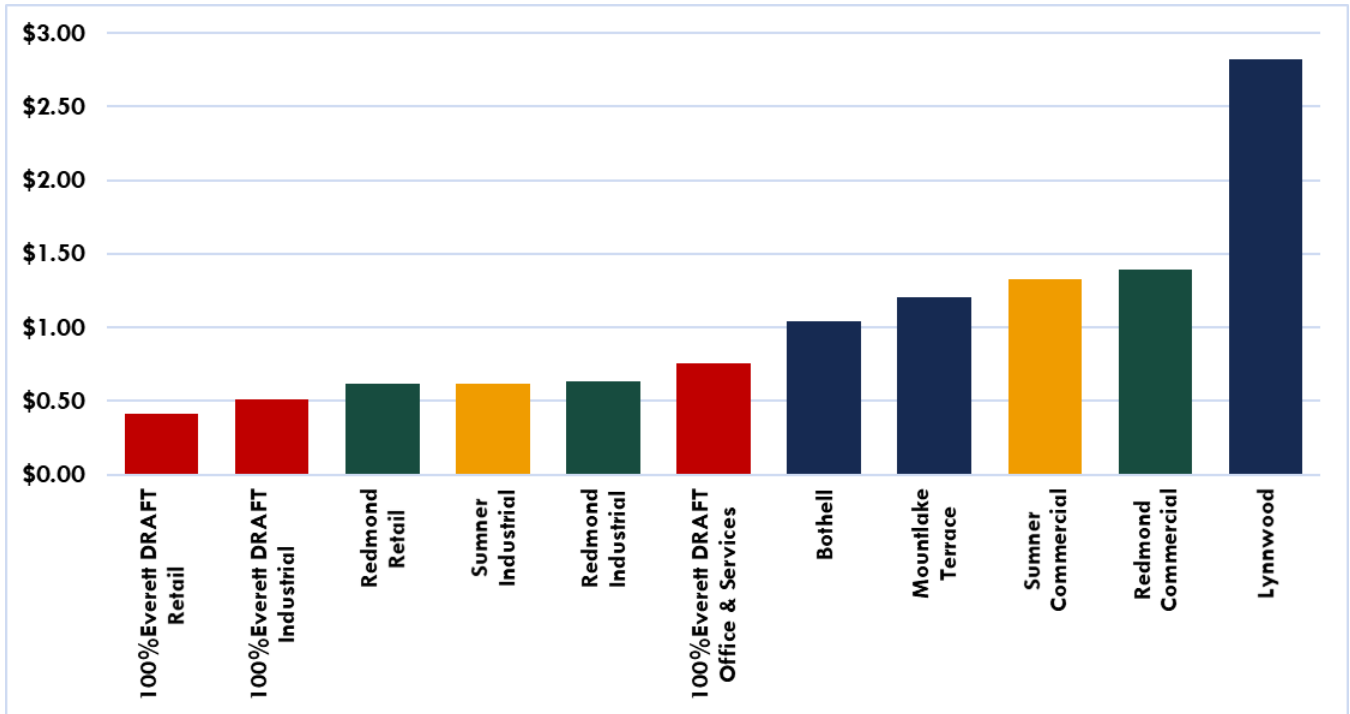
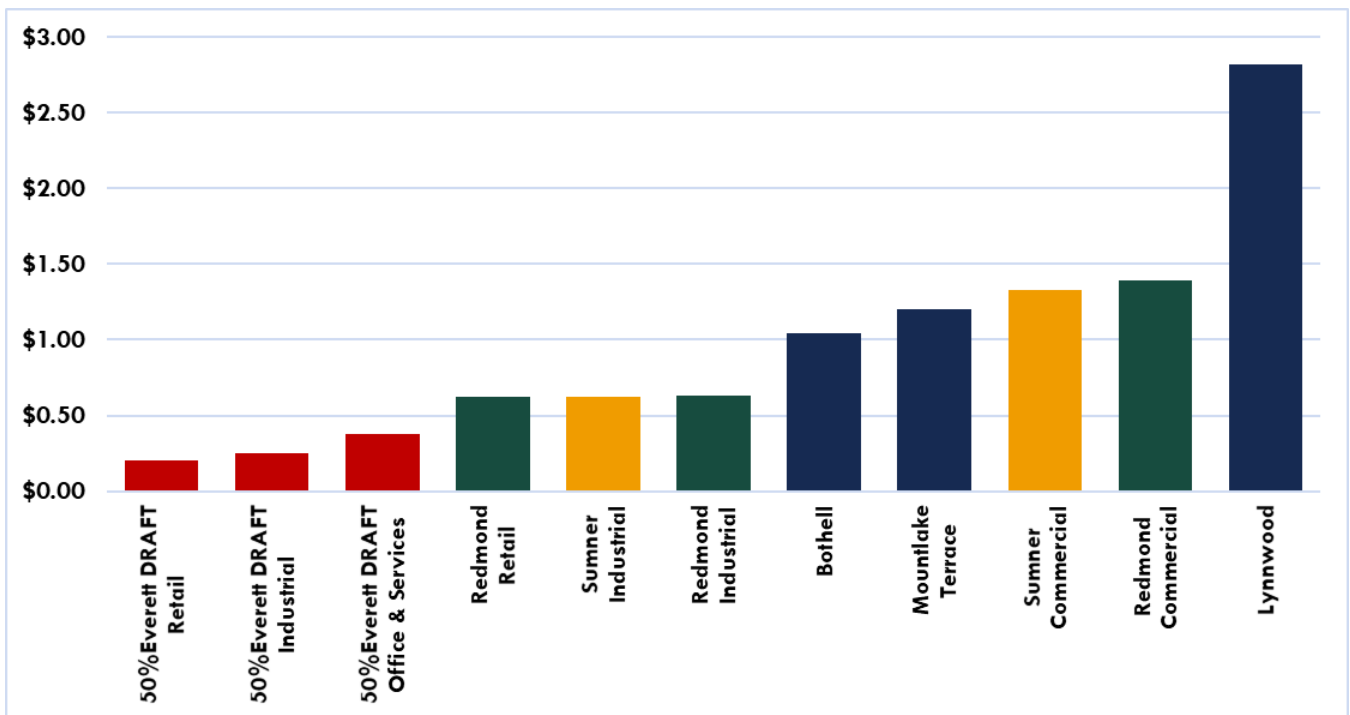


Exhibit 4. Example Non-Residential Park Impact Fees: 100%.



Source: BERK, 2021.

Exhibit 5. Example Non-Residential Park Impact Fees: 50%.



Source: BERK, 2021.

Would the park impact fee affect the affordability of housing? What are some ways to address that?

To the degree to which impact fees were assessed on residential development, even with affordable housing exemptions from Growth Management Act (GMA) impact fees, the housing market as a whole would still be likely be affected by changes in purchase prices and rents. In the exhibit below, the characteristics of the two market condition extremes are listed. At any given point in time, the housing or commercial real estate market can be characterized along the continuum from a "Seller's Market" to a "Buyer's or Renter's Market."

Exhibit 6. Seller's and Buyer's Market

Seller's Market	Buyer's or Renter's Market
<ul style="list-style-type: none"> ● Strong economy ● High population growth, many people moving from other areas ● Low unemployment ● Capital financing easy to secure ● Restricted housing availability ● Low vacancy in commercial buildings 	<ul style="list-style-type: none"> ● Weak economy ● Little to no growth, or even reductions in total population ● High unemployment ● Sluggish capital markets ● Low demand for, or excess supply, of new housing ● High vacancy rates in commercial buildings
<p>High demand for housing and a strong economy increase the amount developers can charge; under these conditions, most of the cost of impact fees could be passed on to the renter/buyer</p> <p>Development is also more likely to occur in these conditions</p>	<p>Buyers and renters have more market power when the economy is weak; under these conditions, renters and buyers may be partially or fully insulated from the cost of impact fees on new development</p> <p>Development is less likely to occur in these market conditions</p>

Source: [City of Seattle, BERK, 2015](#)

The park impact fee would add to the cost of development but other aspects of the proposal before the Planning Commission could offset it. The fees are generally less than 1 or 2% of the construction value of example developments reviewed in Everett (industrial, hotel, mixed use, multifamily projects).

Up to 100% of the common/private open space can be shifted to a "fee in lieu" if the development is within a 10 minute walk (1/2 mile) of an existing or future park, further allowing more developable space while support the park system plan. If further than a 10 minute walk up to 50% of the onsite common/private open space can be addressed through a fee in lieu.

How have other communities addressed employee usage of parks/trails in their impact fees?

While less common that residential park impact fee, several Washington State jurisdictions levy commercial development for its impact on parks capital demand. Since impact fees are tied to expected growth through measures of added residents and employees, jurisdictions use the concept of resident equivalent to compare residential and commercial development. Examples include:

- Bothell: Created a single commercial fee from resident equivalent factors for employment categories based on expected hours at location per employee and visitors per employee.
- Lynnwood: Using the same method as Bothell, one commercial fee based on resident equivalent factors for individual business types combined using a weighted average to create a single factor.
- Mountlake Terrace, Sumner: Resident equivalent factor based on available hours of parks (45.9%).

- Redmond: Residential equivalent factor of 25%.
- Puyallup: Calculated resident equivalent factors for five employment categories based on expected hours at location per employee and visitors per employee.

Are Park Impact Fees meant to address sidewalks or other facilities in the TIP?

The Park Impact Fees support onsite paths in parks and offsite multipurpose trails. The Park Impact Fee does not address sidewalks. That is addressed through the City's Transportation Improvement Program (TIP).³ The City's [sidewalk priority areas](#) would help all community members access parks.

³ One of the proposed multipurpose projects has been included in the TIP as an unfunded project and is not part of the City's Transportation Impact Fees.

Attachment – Emails

City of Renton

From: Vanessa Dolbee <VDolbee@Rentonwa.gov>
Sent: Thursday, September 30, 2021 7:36 AM
To: Leslie A Betlach <Lbetlach@Rentonwa.gov>; Lisa Grueter <Lisa@berkconsulting.com>
Cc: Angie Mathias <AMathias@Rentonwa.gov>
Subject: RE: Renton Parks and Impact Fee

Lisa,

To address part two of your question, “developer feedback”, the honest truth is no developer wants to pay fees. However, what I can stay is that the implementation of impact fees within the City has not slowed or stopped development, as our City has continued to see a significant amount of new development projects since their adoption.

Vanessa Dolbee

Planning Director

City of Renton | 425-430-7314

1055 South Grady Way

Renton WA, 98057

From: Leslie A Betlach <Lbetlach@Rentonwa.gov>
Sent: Friday, September 17, 2021 3:34 PM
To: Lisa Grueter <Lisa@berkconsulting.com>
Cc: Angie Mathias <AMathias@Rentonwa.gov>; Vanessa Dolbee <VDolbee@Rentonwa.gov>
Subject: RE: Renton Parks and Impact Fee

Hi Lisa – good to hear from you. I’m sorry it has taken a week to get back to you. Just busy (did you know that I am retiring?)

The following very recent projects have included Parks Impact Fees as one of the funding components:

1. May Creek Trail South property acquisition. Acquisition costs - \$611,364 with 50% funded by grant and 50% funded by the Impact Mitigation fees. We leveraged the grant funding with the Impact Mitigation fees.
2. Philip Arnold Park Renovation - funds used for added capacity only (\$1.5 million). This is a 55 year old park. Total estimated costs - \$6.21 million
3. Kiwanis Park Renovation – funds used for added capacity only (\$941,000). This is a 55 year old park. Total estimated costs - \$6.9 million
4. Cascade Park Playground replacement - funds used for added capacity only (\$90,000) Total estimated costs - \$544,255

The Impact Mitigation Funds are essential for the City to remain current with the impacts of growth. CED updates the amount collected every biennial budget process.

CED would be better able to respond to developer feedback and I have cc'd Angie and Vanessa.

If you need more information, (photos, numbers, projects, etc.) please let me know!

Have a great weekend.

Leslie

Leslie A. Betlach

Parks Planning and Natural Resources Director

Lbetlach@rentonwa.gov | 425-766-2233

1055 South Grady Way | Renton, WA 98057



From: Lisa Grueter <Lisa@berkconsulting.com>
Sent: Thursday, September 09, 2021 11:37 AM
To: Leslie A Betlach <Lbetlach@Rentonwa.gov>
Subject: Renton Parks and Impact Fee

CAUTION: This email originated from outside the City of Renton. Do not click links, reply or open attachments unless you know the content is safe.

Hi Leslie,

I hope you are doing well during COVID times. Looks like there's several parks and trails projects in the works.

I am working for the City of Everett on their PROS Plan and Parks Impact Fee. Everett looks at Renton as a peer community.

We had a request from a Planning Commissioner in Everett to identify good examples of successful park impact fee implementation.

I know the City went from a mitigation fee to a Parks Impact Fee and the rate study allowed for a fee that reflected the LOS and capital needs.

Do you have thoughts on how the Park Impact Fee has made a difference in the City's ability to develop parks and trails the community needs and to seek grants?

Are there some examples / estimates of what you've been able to do?

What kinds of feedback have you gotten from developers or the community?

Thanks,

Lisa Grueter, AICP
206.493.2367 | DIRECT
www.berkconsulting.com



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From: Derek Barry <DerekB@sumnerwa.gov>
Sent: Thursday, September 9, 2021 11:20 AM
To: Lisa Grueter <Lisa@berkconsulting.com>
Subject: RE: Sumner Parks Impact Fee Implementation

Lisa,

Sorry I missed your call. I was on the phone with a vendor. Things are going well, busy to say the least.... I hope things are going well with you.

Yes, the impact fees have been very successful in helping us leverage our funds for grant opportunities and to expand and make improvements to our parks and trail networks. I have yet to hear of any developers or community members complain or dispute the fees.

Giving this about two minutes of thought we've been able to help expand or fund the following improvements because our impact fees are now appropriate:

- Bennett Property acquisition (first park acquisition and development in 15+ years) – Pierce County Conservation Futures Funding Assistance - Currently working on this master plan and will use impact fees as grant match toward development
- Loyalty Park Inclusive Playground Installation – Playground replacement funding assistance
- Rainier View Covered Court – RCO Grant and State LCP Funding Assistance
- Fryar Ave Trail Expansion/Connection – PSRC Funding Assistance
- Rivergrove Community Pedestrian Bridge – Sound Transit Station Access Funding Assistance
- Seibenthaler Park master plan currently underway, will use impact fees as match grant for capacity adding development

In general we have been able to start addressing the needs of the community because of the impact fee adjustment. Without the adjustment I don't think any of these would have been moving forward as quickly or possibly at all. Let me know if you need any other information. If they have any questions they can also reach out to me. I am more than happy to discuss it with them.

Thanks,

Derek Barry

Community Services Manager
City of Sumner
1104 Maple Street
Sumner, WA 98390
p: 253-299-5714
f: 253-299-5539

From: Lisa Grueter <Lisa@berkconsulting.com>
Sent: Thursday, September 9, 2021 10:52 AM
To: Derek Barry <DerekB@sumnerwa.gov>
Subject: Sumner Parks Impact Fee Implementation

Hi Derek,

I hope you are well. I am working for the City of Everett on their PROS Plan and Parks Impact Fee.

We had a request from a Planning Commissioner in Everett to identify good examples of successful park impact fee implementation.

I know when we spoke last awhile back you were thinking that the Parks Impact Fee has made a difference in the City's ability to develop parks and trails the community needs and to seek grants. Is that a reasonable interpretation of our conversations in the past?

Are there some examples / estimates of what you've been able to do?

What kinds of feedback have you gotten from developers or the community?

Thanks,

Lisa Grueter, AICP
206.493.2367 | **DIRECT**
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