



## MEMORANDUM

**To:** John Spencer, Mayor  
City Councilmembers

**From:** Barb Stevens, Finance Director

**Date:** March 5<sup>th</sup>, 2019

**Subject:** Impact Fee Report - 2018

RCW 82.02.070 related to impact fees provides that: “Annually, each county, city or town imposing impact fees shall provide a report on each impact fee account showing the source and amount of all moneys collected, earned, or received and system improvements that were financed in whole or in part by impact fees.” This report is presented to City Council in response to that requirement.

The City began collecting impact fees for transportation and parks in the 1990’s. Park impact fees are Growth Management Act based impact fees for mitigation of residential impacts on parks. These are accounted for collectively citywide.

The Southwest Annexation, effective on December 31, 2009, included approximately 80 projects under review by Snohomish County. 20<sup>th</sup> Street SE, a major east-west arterial being widened by the County, was also included in the annexation. As of May 21, 2011, 19 subdivisions in the Southwest Annexation area requiring payment of traffic mitigation fees were approved by the County and seven additional subdivisions had pending applications in review at the County. The subdivisions approved by the County included traffic mitigation fees which included funding for 20<sup>th</sup> Street SE to be paid to the County. In September 2011, the City amended its code to collect the traffic mitigation fees imposed by the County in this newly annexed area. These are listed as Traffic - GMA County Pre Annexation.

In 2012, the City completed a traffic mitigation study to determine GMA-related traffic mitigation fees and related code amendments to ensure adequate transportation facilities both within subareas and citywide. With the passage of Ordinance 876, in September 2012, three traffic impact zones (TIZ) were established. They consist of TIZ 1 – East Lake Stevens, TIZ 2 – West Lake Stevens, and TIZ 3 – South Lake Stevens.

Prior to these changes, traffic impact fees were authorized within the Transportation Improvement Project (TIP) element of the Comprehensive Plan and accounted for by individual project. These are included in the Pre 2011 SEPA column.

During 2018, \$1,031,616 in transportation impact fees and \$700,608 in park impact fees were collected. Also, investment interest of \$103,150 was earned on invested impact fees. Investment interest is allocated proportionally to each mitigation zone and type.

Year			Impact Fee Revenues 2013 - 2018					
	Park Mitigation	Tree Mitigation	Traffic	Traffic	Traffic	Traffic	Traffic	Traffic
			Pre 2011 SEPA	GMA County Pre-Annexation	WSDOT	TIZ 1	TIZ 2	TIZ 3
2013	\$168,896		\$50,528	\$272,605	\$408	\$38,416	\$2,917	\$14,585
2014	\$317,546		\$0	\$324,708	\$0	\$69,979	\$5,863	\$11,668
2015	\$371,940	\$1,716	\$0	\$303,970	\$0	\$41,498	\$229,803	\$24,625
2016	\$788,944	\$8,960	\$0	\$97,989	\$0	\$32,186	\$189,605	\$284,169
2017	\$346,153	\$1,645	\$0	\$0	\$0	\$14,450	\$36,615	\$510,554
2018	\$700,607	\$9,583	\$0	\$0	\$	\$121,573	\$154,280	\$736,530

Note: Impact fee revenues above are exclusive of interest earnings.

### 20th Street Planning & Design

In 2015, the City spent \$272,900 on 20<sup>th</sup> Street SE Phase II, and includes ROW, planning and design. A Federal grant funded \$103,478 of the project costs in 2015, with another grant reimbursement of \$132,580 received in 2016. The remaining \$36,842 was paid from GMA County Pre-Annexation mitigation dollars. This project continued into 2016 where the City spent \$403,637. The Federal grant covered \$147,840 and GMA County Pre-Annexation mitigation dollars paid \$255,797. In 2017 the city spent \$248,143 in GMA County Pre-Annexation mitigation dollars. Of the amount spent in GMA County Pre-Annexation mitigation dollars 2017, a Federal grant reimbursed the city for \$72,708. In 2018, the city spent \$251,528 in GMA County Pre-Annexation mitigation dollars. As of Dec 31, 2018, the City has spent \$719,602 and the federal grant has paid \$775,004 for a total of \$1,494,606.

### 24t St & 91<sup>st</sup> Street Design

In 2017, the city spent \$259,491 in TIZ 3 mitigation dollars for the 24<sup>th</sup> St and 91<sup>st</sup> design project. In 2018 the City spent \$183,422 in TIZ 3 mitigation dollars.

The city also had a 24<sup>th</sup> & 91<sup>st</sup> temp extension project where \$22,071 of the GMA County Pre-Annexation mitigation was spent.

### Callow Road Project

The Callow Road Project was completed in 2018. The city spent \$612,087 in Pre-2011 SEPA dollars.

### South Lake Stevens Rd

The South lake Stevens started in 2018 and spent \$178,649 in TIZ 3 dollars. This project has a grant \$1.3 Million.

**Parks & Tree Projects**

In 2017, \$63,673 of park mitigation dollars were spent. North Cove Down Town Park Plan received \$33,373, the Community Garden received \$24,147, and Frontier Heights received \$6,152.

In 2018, \$1,722,972 of park mitigation dollars were spent as follows:

- The Williams property was purchased at \$1 Million.
- Frontier Heights project spent \$45,150
- Lundeen Park Restoration project was completed and cost \$600,000
- The 20<sup>th</sup> Soccer Field project spent \$17,904
- Eagle Ridge Project Spent \$59,917

A total of \$54,672 was spent on tree replacement out of Tree mitigation funds at Lundeen Park.

At yearend 2018, the total of all mitigation capital funds was \$4,866,462 which is made up of multiple types of mitigation zones and uses as seen below:

Mitigation Funds as of December 31st, 2018						
	2013	2014	2015	2016	2017	2018
Ending Fund Balance-Pre 2011 SEPA	\$ 1,059,026	\$ 1,059,940	\$ 1,061,418	\$ 911,085	\$ 921,355	\$ 309,268
Ending Fund Balance-TSA/TDM	\$ 958,669	\$ 1,284,484	\$ 1,553,766	\$ 1,401,600	\$ 1,239,985	\$ 1,284,785
Ending Fund Balance-WSDOT ANNEX	\$ 7,272	\$ 7,278	\$ 7,288	\$ 7,318	\$ 7,400	\$ 7,400
Ending Fund Balance-TIZ 1	\$ 38,462	\$ 108,535	\$ 150,251	\$ 183,174	\$ 199,943	\$ 115,386
Ending Fund Balance-TIZ 2	\$ 2,921	\$ 8,791	\$ 238,926	\$ 430,263	\$ 472,139	\$ 626,419
Ending Fund Balance-TIZ 3	\$ 14,603	\$ 26,293	\$ 50,990	\$ 336,513	\$ 594,201	\$ 968,659
Ending Local ILO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,840
Ending Grant	\$ -	\$ -	\$ (132,580)	\$ -	\$ -	\$ -
Ending Fund Balance - Park Unrestrict	\$ 605,809	\$ 924,151	\$ 1,297,862	\$ 2,095,205	\$ 2,397,682	\$ 1,538,122
Ending Fund Balance - Park AQ & D	\$ 141,768	\$ 141,890	\$ 142,084	\$ 128,004	\$ 123,496	\$ 0
Ending Fund Balance - Tree	\$ 55,758	\$ 55,806	\$ 57,600	\$ 65,847	\$ 54,672	\$ 9,583
<b>Total Ending Fund Balance</b>	<b>\$ 2,884,287</b>	<b>\$ 3,617,169</b>	<b>\$ 4,427,606</b>	<b>\$ 5,559,009</b>	<b>\$ 6,010,873</b>	<b>\$ 4,866,462</b>

Respectfully,

Barb Stevens  
Finance Director