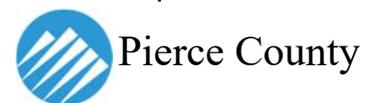


Pierce County School Impact Fee Program Review

Pierce County

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Prepared for:



Prepared by:





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that are important to decision makers.*

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EXECUTIVE SUMMARY

Pierce County first established school impact fees in 1996. The impact fee program is governed by PCC 4A.10, which sets for the formula that districts must use to calculate the fees, and how the impact fees will be charged and collected.

Pierce County School Impact Fee Program

The county code demonstrates how the school impact fee program ensures that school impact fees charged in unincorporated Pierce County are proportionate, reasonably related to need and expenditure, and do not rely solely on impact fees. The code also outlines the requirements for demonstrating growth, providing a capital facilities plan, exemptions, developer options for appeal and accounting requirements in the collection of school impact fees.

Pierce County's school impact fee program meets all of the requirements of state law for impact fees. There is nothing in state law limiting the reduction of impact fees as long as they are based upon a calculation and meet the requirements set forth in RCW 82.02. Pierce County has established a 50% reduction, which proportionately reduces fees for single-family and multifamily dwelling units within each school district. The maximum fee obligation further reduces most district calculated impact fees, but when applied the maximum fee obligation alters the proportion of contribution between single-family and multifamily within the district, because the proportion of single-family to multifamily impact differs by district and do not conform to the proportion developed by the maximum fee obligation.

Comparison to Regional Jurisdictions

Pierce County's formula and program are generally similar to the programs used by King, Snohomish and Clark Counties. The key differences between the jurisdictions are the adjustment percentage used and the inclusion of a maximum fee obligation.

Snohomish and King County both use a 50% adjustment like Pierce County, while Clark County uses an 85% adjustment. Of the three compared counties only, Snohomish has a maximum fee obligation, a recently implemented temporary \$7,000 per dwelling unit maximum. Many incorporated jurisdictions that Pierce County school districts also serve tend to have rates similar to those imposed in Pierce County. Some of these jurisdictions also impose a maximum limit, but not at the same rate as Pierce County, such as Edgewood, which has a maximum rate of \$3,500 for single-family dwelling units.

Generally, Pierce County school impact fee rates are lower than other regional jurisdictions, as a result of the maximum fee obligation. Additionally, the rates set in Pierce County municipalities that have school impact fees also tend to be lower, as they typically conform to the methods used by Pierce County establishing relative uniformity in rates across the school district.

Pierce County and the three municipalities reviewed also have less exhaustive review processes for the submitted district capital facilities plans and district school impact fee calculations. King County has established a School Technical Review Committee, Clark County requires review by the Planning Commission and Snohomish County sets forth a review process for their Planning and Development Services Department. Pierce County in contrast simply states that the County Council will review the capital facilities plan annually, similar to the Cities of Auburn and Edgewood.

School District Application

Each district establishes their own capital facilities plan and uses data specific to their district in their impact fee calculations. School impact fee rates typically vary greatly across jurisdictions and can even vary significantly within a district over time, this is not unique to Pierce County. The factor with the most impact on the variance in rates is the overall capital facilities plan, including the type and number of projects that generate capacity. Some districts have very aggressive CFPs while others limit their CFP projects to the purchase and siting of temporary facilities.

Additionally, each district documents the project costs in their CFP, it is often difficult to determine from the CFP which projects generate capacity and are included in the impact fee calculations. It is also often challenging to confirm that the capacity cost estimates by project match the total costs included in the impact fee calculations match. Districts also use very different formats to demonstrate their project costs and impact fee calculations. A review of district impact fee calculations also highlighted some inconsistencies in the application of the formula.

School districts provided feedback that it would be helpful to have staff training and resources available to help them in their calculation of school impact fees. The impact fee calculations are outside of their areas of expertise and they often lose institutional knowledge through staff turnover. These resources can include data, formulas, and methods that are used in the impact fee calculations. Resources may also be helpful in creating more uniformity in the CFPs and impact fee calculations between districts

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INTRODUCTION

Background and Purpose

Pierce County established their school impact fee program in 1996, the program has not been reviewed in full since that time. In the 2017 Pierce County budget, the County Council created a working group to review the county's school impact fees and methodology. The working group was tasked with providing findings and recommendations on three items:

- “The Maximum Fee Obligation (MFO) policy, comparison of this policy to other jurisdictions in Washington which collect school impact fees, and modifications, if any, that should be made to the MFO policy.
- The school impact fee methodology set forth in Chapter 4A.30 PCC, consistency in the application of the methodology across school districts, comparison of the methodology to the methodology used by other jurisdictions in Washington which collect school impact fees, and modifications, if any, that should be made to the methodology.
- Other school impact fee policy, methodology, or regulatory issues as appropriate.”

In November 2017, Pierce County contracted Community Attributes to conduct a review of the county's school impact fees and methodology. This study presents findings, data and information from a review of Pierce County's school impact fee methodology and its relationship to the rules and regulations set forth in state law; an examination of the school impact fee methodologies and policies used in King, Snohomish and Clark Counties as well as the Cities of Auburn, Edgewood and Fife; and an analysis of the application of Pierce County's methodology by participating school districts.

Methods

The six jurisdictions selected for review were determined in consultation with Pierce County staff and based on a review of school impact fee methods employed by Pierce County municipalities. The review and findings for each jurisdiction's code and regulations were distilled into twelve topics key to state impact fee law for easy comparison across jurisdictions.

School districts were asked to provide data and feedback on their capital facilities planning process and impact fee calculations through a questionnaire and follow-up interviews. Pierce County has 17 school districts, of these 15 serve unincorporated areas of the county, among these ten districts have opted in to the school impact fee program and currently charge school impact fees. Among these ten districts, eight provided responses to the questionnaire and participated in a phone interview.

Organization of Report

The remainder of this report is organized as follows:

- **About Impact Fees in Washington** – provides an overview of state laws and regulations that govern the establishment and collection of impact fees in Washington.
- **About School Impact Fees** – details the requirements that are specific to school impact fees in Washington.
- **School Impact Fees in Pierce County** – describes Pierce County’s school districts and reviews the current methodology and formula used in Pierce County’s school impact fee program.
- **Methodology Comparison to Regional Jurisdictions** – compares Pierce County’s methodology to six selected jurisdictions that also have school impact fee programs, including three counties and three Pierce County cities.
- **School District Methodology Application** – provides an analysis of the application of Pierce County’s school impact fee methodology by participating school districts.

ABOUT IMPACT FEES IN WASHINGTON

Impact fees are charges paid by new development to reimburse local governments for the capital cost of public facilities required to serve new development and the people who occupy or use the new development.

Local governments charge impact fees for several reasons: 1) to obtain revenue to pay for some of the cost of new public facilities; 2) to implement a public policy that new development should pay a portion of the cost of facilities that it requires, and that existing development should not pay the entire cost of such facilities; and 3) to assure that adequate public facilities will be constructed to serve new development.

The Growth Management Act of 1990 (Chapter 1117, Washington Laws, 1990, 1st Ex. Sess.) authorizes local governments in Washington to charge impact fees. RCW 82.02.050 – 82.02.100 contain the provisions of the Growth Management Act that authorize and describe the requirements for impact fees. The following is a breakdown of the key components of impact fees and the rules and stipulations contained within the aforementioned state code.

Types of Public Facilities

In Washington, impact fees can be charged to support four different types of public facilities: 1) public streets and roads; 2) publicly owned parks, open space and recreation facilities; 3) school facilities; and 4) fire protection facilities. *RCW 82.02.050 (2) and (4), and RCW 82.02.090 (7)* All fees

collected, and all accrued interest, must be used for the type of public facility they were originally collected to serve.

Types of Improvements

Impact fees can be spent on “system improvements”, which are typically outside the development, as opposed to “project improvements”, which are typically provided by the developer on-site. *RCW 82.02.050 (3)(a) and RCW 82.02.090 (5) and (9)*

Benefit to Development

Impact fees must be limited to system improvements that are reasonably related to, and which will benefit new development. *RCW 82.02.050 (3)(a) and (c)* Local governments must establish reasonable service areas (one area, or more than one, as determined to be reasonable by the local government) and must develop impact fee rate categories for various land uses. *RCW 82.02.060 (7)*

Proportionate Share

Impact fees cannot exceed the development’s proportionate share of system improvements that are reasonably related to the new development. The impact fee amount shall be based on a formula (or other method of calculating the fee) that determines the proportionate share. *RCW 82.02.050 (3)(b), RCW 82.02.090 (6)*

Reductions of Impact Fee Amounts

Impact fee rates must be adjusted to ensure that development is not paying multiple times toward the same public facilities (if their payments are earmarked for or proratable to specific system improvements). This may include adjusting school impact fees to account for property tax payments that go toward schools, for example. *RCW 82.02.050 (1)(c) and (2) and RCW 82.02.060 (1)(b)*. Impact fees may be credited for the value of dedicated land, improvements or construction provided by the developer (if such facilities are in the adopted CFP as system improvements eligible for impact fees and are required as a condition of development approval). *RCW 82.02.060 (4)*

Exemptions from Impact Fees

Local governments have the discretion to provide exemptions from impact fees for low-income housing and other “broad public purpose” developments. Exempt fees must be paid from public funds (other than impact fee accounts) for 100% of “broad public purpose” exemptions and for portions of low-income housing exemptions that exceed 80% of the impact fee (the first 80% is exempt but does not have to be repaid). *RCW 82.02.060 (2) and (3)*

Developer Options

A developer liable for impact fees has several options on how to respond before paying any fees. Developers can submit data and/or analysis to demonstrate that the impacts of the proposed development are less than the impacts calculated in the rate study. *RCW 82.02.060 (6)*. Developers can pay impact fees under protest and appeal impact fee calculations. *RCW 82.02.070 (4) and (5)*. The developer can obtain a refund of the impact fees if the local government fails to expend or obligate the impact fee payments within ten years, or terminates the impact fee requirement, or the developer does not proceed with the development (and creates no impacts). *RCW 82.02.080*

Capital Facilities Plans

Impact fees can only be expended on public facilities included in a capital facilities plan (CFP) or used to reimburse the government for the unused capacity of existing facilities. The CFP must conform to the Growth Management Act of 1990. This includes identifying existing deficiencies in facility capacity for current development, capacity of existing facilities available for new development, and additional facility capacity needed for new development. *RCW 82.02.050 (4)*, *RCW 82.02.060 (8)* and *RCW 82.02.070 (2)*

New Versus Existing Facilities

Impact fees can be charged for new public facilities (*RCW 82.02.060 (1)(a)*) and for the unused capacity of existing public facilities (*RCW 82.02.060 (8)*) subject to the proportionate share limitation described above.

Accounting Requirements

The local government must separate the impact fees from other monies, expend or obligate the money on CFP project within ten years, and prepare annual reports of collections and expenditures. *RCW 82.02.010 (1)-(3)*

ABOUT SCHOOL IMPACT FEES

While school districts use impact fees to fund facilities, they are not authorized to charge or collect the fees. In Washington, school impact fees are usually collected as part of the permitting process by the jurisdiction in which the development is located on behalf of the school district. As a result, calculating, collecting and expending school impact fees requires cooperation between school districts and local governments. The fee collection process is formalized with interlocal agreements. Local governments may choose not to collect school impact fees.

School districts must prepare six-year capital facilities plans and must base their impact fee calculations on the specific facilities included within these plans. *WAC 365-196-415 (1)* Fees are only charged to residential development on a per-unit basis, with separate rates for single-family and multifamily development. Separate rates are required as, on average, different types of housing generate different numbers of students per household. Fee calculations must be based on the need across the school district and charged evenly throughout. School impact fees must be expended within ten years of collection. *RCW 82.02.070 (1)* In 2009, *RCW 82.02.110* was added to the law, requiring the office of the superintendent of public instruction to develop criteria extending the use of school impact fees from six to ten years. This section also requires an evaluation for each respective school board of the appropriateness of the extension. *RCW 82.02.110*

SCHOOL IMPACT FEES IN PIERCE COUNTY

School Districts

Pierce County, located south of King County in Western Washington, has 17 school districts. Fifteen of these districts serve unincorporated areas of the county. Auburn, Tacoma and University Place School Districts have opted out of the school impact fee, formalized through ordinance. Thirteen districts are included in Pierce County's school impact fee code. However, three of these districts have opted not to collect impact fees within Pierce County's jurisdiction at this time: Carbonado School District, Eatonville School District and White River School District. These three districts are all located in the eastern-most areas of Pierce County. (**Exhibit 1**).

Puyallup and Bethel School Districts are the largest districts in the county, both in terms of population within the county and district-wide student population.¹ These two districts also calculated the highest single-family school impact fees, each more than \$12,000 per single-family dwelling unit.² Bethel and Orting School Districts have the highest calculated multifamily school impact fees, each more than \$10,000 per multifamily dwelling unit.

¹ Tacoma School District is the largest in Pierce County but has been removed from the Pierce County's school impact fee program through ordinance.

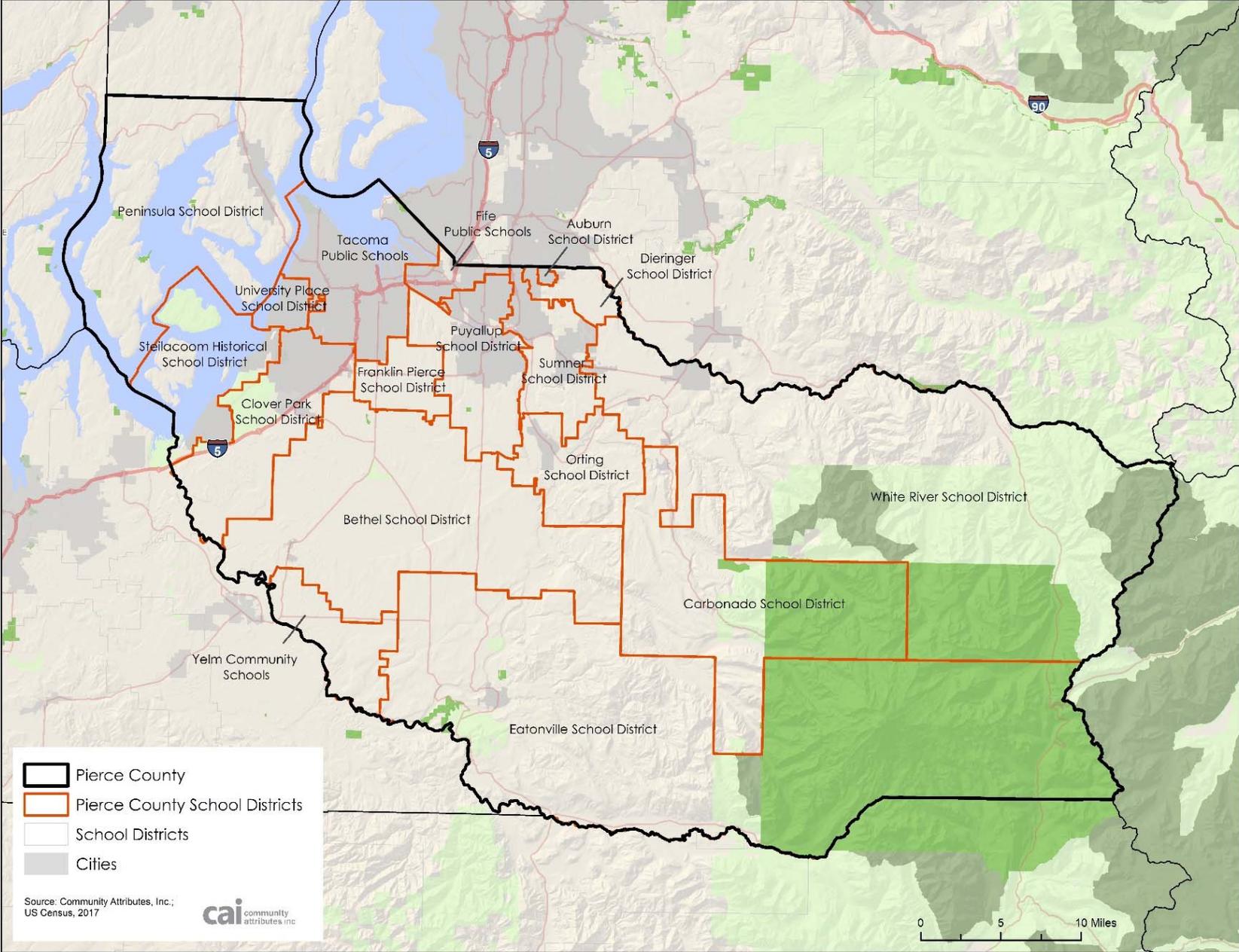
² Pierce County's maximum fee obligation limits the actual fee charged to \$3,400 per single-family dwelling unit and \$1,840 per multifamily dwelling unit.

Exhibit 1. Pierce County School District Attributes, 2017

School District	Population and Students		Jurisdictions Covered		Fee Calculation Results	
	Population in Pierce County	District Wide Student Population	Inclusive of Incorporated Areas	Inclusive of Unincorporated Areas	Single Family	Multifamily
Puyallup School District	118,946	22,443	Yes	Yes	\$14,462	\$4,233
Bethel School District	100,548	19,102	Yes	Yes	\$13,797	\$10,369
Sumner School District	43,512	9,608	Yes	Yes	\$11,851	\$1,722
Peninsula School District	61,651	9,035	Yes	Yes	\$8,061	\$4,800
Franklin Pierce School District	50,424	7,827	Yes	Yes	\$10,032	\$4,530
Yelm Community Schools	4,716	5,848	No	Yes	\$4,450	\$1,812
White River School District	22,116	3,719	Yes	Yes	\$0	\$0
Fife Public Schools	16,160	3,715	Yes	Yes	\$1,527	\$290
Steilacoom Historical School District	20,920	3,242	Yes	Yes	\$4,217	\$0
Orting School District	13,391	2,611	Yes	Yes	\$10,730	\$11,611
Eatonville School District	11,894	1,956	Yes	Yes	\$0	\$0
Dieringer School District	8,802	1,436	Yes	Yes	\$3,760	\$1,081
Carbonado School District	856	175	Yes	Yes	\$0	\$0
Tacoma Public Schools	208,938	28,940	Yes	No	NA	NA
Auburn School District	6,444	16,134	Yes	Yes	NA	NA
Clover Park School District	76,963	13,157	Yes	Yes	NA	NA
University Place School District	28,944	5,711	Yes	No	NA	NA

Source: Community Attributes Inc., 2017; Washington Office of Financial Management, 2017; Washington Office of Super Intendent of Public Instruction, 2017.

Exhibit 2. Pierce County School Districts



Current Fee Methodology

Pierce County describes the requirements for school impact fees within its jurisdiction in PCC 4A.30. The provisions of this chapter outline the requirements for both the calculations of impact fees and the capital facilities plan to be prepared and submitted by each participating school district. The following is a breakdown of the key components of impact fees and a comparison of the requirements of state law and the Pierce County Code.

Interlocal Agreements

State

Counties, cities and towns that are required or choose to plan under GMA are authorized to impose impact fees on development activity. *RCW 82.02.050 (2)*. School districts are not authorized to impose impact fees, but authorized jurisdictions can charge impact fees to fund school facilities on districts' behalf. Therefore, school districts must work with local jurisdictions to charge impact fees.

Pierce County

Pierce County jurisdictions utilize interlocal agreements between counties, cities, towns and school districts to impose school impact fees that are connected to school districts' needs.

There are several required elements for any impact fee interlocal agreement in Pierce County. The process for preparing and adopting a CFP must be included. In addition, it must specify that individual school districts are responsible for "all necessary accounting, investing, reporting, expending, and refunding activities associated with their impact fees". Pierce County school districts must expend impact fees within six years of collection. Exceptions may only be granted for "extraordinary and compelling reasons", as determined in writing by the County Council. School districts must submit annual reports to the County on their impact fee accounts. *PCC 4A.10.050 (C)*

Capital Facilities Plan

State

Improvements listed in the CFP must serve as the basis to calculate impact fees. The CFP must conform to the Growth Management Act of 1990 and must identify existing deficiencies in facility capacity for current development, capacity of existing facilities available for new development, and additional facility capacity needed for new development. Jurisdictions often adopt documents with different titles that fulfill these requirements. *RCW 82.02.050 (4), RCW 82.02.060 (8) and RCW 82.02.070 (2)*

School impact fees must be expended or encumbered for a CFP-specified use within ten years of being collected. Exceptions are only granted for an “extraordinary and compelling reason”. *RCW 82.02.070 (3)*

Pierce County

In Pierce County, School Districts must continually update their Capital Facilities Plans to maintain a six-year forecast of needs and funding. Plans must provide an inventory of existing facilities, describe service standards, identify facilities required to serve new development, describe existing deficiencies and plan to eliminate the deficiencies. Districts must also provide separate impact fee calculations for single-family and multifamily homes. The County will review and adopt these plans as part of its own CFP revision process. School impact fees can only be charged based on adopted plans. *PCC 4A.30.010*

Types of Improvements

State

Impact fees can be used for “system improvements” to public facilities, which are “designed to provide service to service areas within the community at large”. *RCW 82.02.090 (9)*. They are typically located outside the development being charged. These differ from “project improvements”, which are typically provided by the developer on-site within the development or adjacent to the development. Project improvements are “designed to provide service for a development project, and...are necessary for the use and convenience of the occupants or users of the project”. *RCW 82.02.090 (5)*

Impact fee revenue can only be used for the capital cost of public facilities. Impact fees cannot be used for operating or maintenance expenses. *RCW 82.02.050 (4), RCW 82.02.050 (5)(a), RCW 82.02.090 (5) and (7)*

Pierce County

Impact fees may be used for “public facility improvements that will reasonably benefit the new development”. They cannot be imposed to make up for existing deficiencies or be used for maintenance or operations. *PCC 4A.10.070*

Each school district’s Capital Facilities Plan must identify any improvements that will be funded in any part by impact fees. *4A.10.070 (B)*. Fee-funded projects must be “system improvements”, defined as public facilities that are included in the Capital Facilities Plan and designed to serve areas at large, as opposed to project improvements. *PCC 4A.10.020*

Upon request, the County must be able to provide a list of impact fee expenditures. A request can be made up to ten years after fees were charged,

and the County must respond within 180 days of the request. *PCC 4A.10.070 (E)*

Growth Forecasts

State

Impact fees are used by municipalities as a funding mechanism to provide the capital facilities required to serve the needs of growth. Per state law, this cannot be done in an arbitrary or excessive manner. *RCW 82.02.050 (1)*. As a result, impact fees must be based on a demonstrated need for capital facilities created by growth, which requires a forecast for growth. In the case of school impact fees, this would be a growth forecast for students by grade span.

Pierce County

Pierce County requires that each district submit a Capital Facilities Plan and an impact fee calculation following the formula outlined in PCC 4A.10.030. Key inputs include the projections for student population by grade span and current facility capacities determined by each school district's adopted level of service, which together are used to describe existing deficiencies and identify needs to serve new development. Each school district provides their own projections for student population.

Proportionate Share

State

The "proportionate share" requirement means that impact fees can only be charged for the portion of the cost of public facilities that is "reasonably related" to new development. Impact fees cannot be charged to pay for the cost of reducing or eliminating deficiencies in existing facilities.

There are several important implications of the proportionate share requirement that are not specifically addressed in the law, but which follow directly from the law:

- Costs of facilities that will benefit new development and existing users must be apportioned between the two groups in determining the amount of the fee. This can be accomplished in either of two ways: 1) by allocating the total cost between new and existing users, or 2) calculating the cost per unit and applying the cost only to new development when calculating impact fees.
- Impact fees that recover the costs of existing unused capacity should be based on the government's actual cost. Carrying costs may be added to reflect the government's actual or imputed interest expense.

Pierce County

In PCC 4.A.10.040.C, Pierce County establishes school impact fee service areas within each school district which includes unincorporated areas. The County collects impact fees in these service areas on a “district by district basis” on behalf of the school districts. Impact fees collected by Pierce County for each district are used by the specific district to serve residents in the service area where the fees were collected.

Pierce County has prepared a formula for school districts to calculate future growth’s proportionate share of public school facility costs to be paid through impact fees. Facility capacities are determined by the specific school district’s adopted level of service for schools. *PCC 4A.30.020, 4A.30.030*

This formula includes specific methodologies for calculating impact fee rates for single-family and multifamily development. School districts must determine the full cost of all facilities required to serve growth, with sensitivities for how demand is divided between grade levels and housing types (this calculation is referred to as the “Student Factor”). Separate Student Factors must be calculated for single-family and multifamily units. School districts must base the Student Factors on average actual student generation rates over a five-year period, either within the district or a district with similar demographics if data is unavailable. This system allocates the cost of new facilities needed by development by the proportionate share of the need created by each type of development. *PCC 4A.30.030*

Reductions of Impact Fee Amounts

State

State law includes requirements to provide adjustments and credits to impact fees, where appropriate. These requirements ensure that the amount of the impact fee does not exceed the development’s proportionate share.

- The “adjustments” requirement reduces the impact fee to account for past and future payments of other revenues (if such payments are earmarked for, or proratable to, the system improvements that are needed to serve new growth). *RCW 82.02.060 (1)(b) and RCW 82.02.050 (2)*
- The “credit” requirement reduces impact fees by the value of dedicated land, improvements or construction provided by the developer (if such facilities are in the adopted CFP, identified as the projects for which impact fees are collected, and are required as a condition of development approval). The law does not prohibit a local government from establishing reasonable constraints on determining credits. For example, the location of dedicated land and the quality and design of

donated land or recreation facilities can be required to be acceptable to the local government. *RCW 82.02.060 (4)*

Pierce County

A permit applicant is eligible for a credit against charged impact fees if they dedicate land or improvements to serve system improvements. These must be related to facilities included in the Capital Facilities Plan that would otherwise be partially funded with impact fees. In addition, sites and construction must be of an acceptable quality and dedicated to the County before any credits are awarded. *PCC 4A.10.100 (A)*

Impact fees are also reduced to account for additional sources of revenue for system improvements. Calculations for the State “adjustments” and “credit” requirements are specified within the methodology outlined in the Pierce County Code for calculating school impact fees. There are three factors in the calculation that satisfy these requirements:

- **State Match Credit:** This credit determines the amount of expected funding that each district is projected to receive from Washington state to fund projects need to serve growth. It is a function of a cost index, set square footage per student by grade span, a state match percentage, and Student Factor. The Student Factor captures student generation rates for new development by grade span. *PCC 4A.30.030 (O)*
- **Tax Credit:** This variable provides a credit for the contributions that growth will make toward capital facilities through property taxes. It is defined as the net present value of the average assessed value for the dwelling type within the School District times the current School District capital property tax levy rate. *PCC 4A.30.030*
- **Facilities Credit:** This credit is calculated on a per development basis. It is granted in exchange for the “value of any site, school facilities, or monetary compensation the District has agreed to accept as an offset against a school impact fee”. *PCC 4A.30.030 (E)*

Reasonably Related to Need

State

State law requires that impact fees be “reasonably related” to the development’s need for public facilities. There are several ways that this requirement can be satisfied:

- Impact fees are charged to properties that need (i.e., benefit from) new public facilities.
- The relative needs of different types of growth are considered in establishing fee amounts (i.e. single-family dwelling units versus multifamily dwelling units).

- FeePAYERS can pay a smaller fee if they demonstrate that their development will have less impact than is presumed in the impact fee schedule calculation for their property classification. Such reduced needs must be permanent and enforceable.

Pierce County

Pierce County code limits school impact fees to residential development, in conformance with the requirements of state law. Residential developments are the direct beneficiaries of public school facilities, but different types of residential development generate students at different rates. In order to develop fees that are reasonably related to the need for each type of development, the school impact fee methodology requires that separate rates be developed for single-family and multifamily residential development, proportionate to the need created by each type of development.

Additionally, Pierce County has defined a process for appealing impact fees and paying impact fees under protest. *PCC 4A.10.120*. The current owner of the property which was charged impact fees is eligible for a refund if the fees are not expended within ten years of receipt by a school district. The property owner must request a refund, or else the district may hold and expend the fees later as needed. *PCC 4A.10.110*

Reasonably Related to Expenditures

State

In addition to requiring that impact fee calculations are proportionate and reasonably related to the need of new development, the law also requires that collected impact fees are expended in ways intended to benefit the development activity that paid the impact fee. The property owner may be eligible for a refund if such an expenditure does not take place within ten years of collecting the fee. *RCW 82.02.080 (1)*

Pierce County

Pierce County code requires each School District to outline which projects are eligible for impact fee funding in their CFP. *PCC 4A.10.070 (B)*. This ensures that the fee revenue is earmarked for specific uses related to public facilities for which the benefit and need for which has been demonstrated. The code also requires that the impact fee revenue must be expended or obligated within six years, thus requiring the impact fees to be used to benefit the feePAYERS and not held by the School District. *PCC 4A.10.050 (C)*

Rates and Cost Recovery

State

State law stipulates that jurisdictions must have a defined method or formula for calculating impact fee schedules. This method shall incorporate

factors like the cost of required facilities, financing methods and any fee adjustments to accommodate taxes or other public facility revenues. There is nothing in state law that limits a jurisdiction from charging lower fees than those calculated. *RCW 82.02.606 (1)*

Jurisdictions charging impact fees must utilize other funding sources for public facilities to supplement impact fees. State law simply states that jurisdictions “may not solely rely” on impact fees, however, the appropriate balance of impact fees to other funding sources is not defined. *RCW 82.02.050 (2)*

Pierce County

Pierce County defines the variables required for school districts to calculate impact fees in PCC 4A.30.030. School districts must first calculate the “Unfunded Need”, which is defined as the full cost of acquiring and developing permanent and temporary school facilities required to serve growth, less credits for a state funding match, tax payment credit and facilities credit. The “Fee Calculation” is equal to 50% of the “Unfunded Need”. These are calculated on a per-unit basis for both single-family and multifamily units. The methodology, reduces impact fees to account for potential state funding for capital facilities needed by new development, as well as contributions by growth through property tax payments. In addition, the fee obligation calculated in the methodology is reduced by 50%, a proportionate reduction across single- and multifamily development. Together, these factors ensure that the school impact fee methodology does not allow for districts to “rely solely” on impact fees.

Pierce County additionally calculates a maximum fee obligation (MFO) for both single-family and multifamily units, and Districts charge the lower of either their Fee Calculation or the MFO. As of January 2018 the MFO for single-family dwelling units is \$3,485 and for multifamily units it is \$1,840.

From 2002-2004, the MFO was adjusted according to the Consumer Price Index (CPI) for the Seattle/Tacoma/Bremerton MSA, with 1997 as the base year. In 2005 and 2006 it was increased by 25% over the previous year, without a CPI adjustment. Since 2007, the MFO has been adjusted annually based on the CPI, with 2006 as the base year. This adjustment must be completed by ordinance in conjunction with adoption of the CFP. The Code does not specify how the 2002 MFO was originally determined. *PCC 4A.30.020 (D)*

Observations

- The law does not specify how much impact fees must be reduced to ensure that school districts do not “rely solely” on impact fees. Pierce

County's choice to reduce impact fee calculations by 50% is not driven by any legal requirement, beyond the "not rely solely" requirement.

- Pierce County is not the only jurisdiction that reduces the fee obligation by 50%. For example, Bellevue, Auburn and Renton all apply this reduction as well.
- The maximum fee obligation is proportionate in how it's applied to single-family and multifamily developments. Each school district calculates its own fee obligations for single-family and multifamily development. For any fee that is calculated as higher than the MFO, the MFO is adopted as the rate instead. This applies to every jurisdiction. In the adopted January 2018 rate table in Ordinance 2017-78 every jurisdiction collecting impact fees applied the single-family MFO, except Fife School District. Four districts have calculated multifamily rates lower than the MFO: Dieringer, Fife, Sumner and Yelm School Districts. Of note, Yelm School District calculated a fee of \$1,812, but imposed a fee of \$1,795, lower than the calculated rate of \$1,812, which is also lower than the MFO of \$1,840.
- Pierce County is not the only Washington jurisdiction that applies a maximum fee obligation. The approach leveraged for applying maximum fee obligations is employed similarly by other jurisdictions. Edgewood, for example, charges a maximum rate of \$3,500 per single-family dwelling unit and \$1,755 per multifamily dwelling unit.
- To comply with the law's proportionate share requirement, each school district calculates the proportion of growth that single-family and multifamily contribute to their community and calculate the proportionate share of the costs of capital facilities driven by that need. The calculated fees shown in the January 2018 rate table, demonstrate that the proportionate share of cost between single-family and multifamily development is not the same in every district.
- While the maximum fee obligation is applied to every district equally, ensuring that each type of development throughout Pierce County school districts that charge impact fees pay the same rate, or less if the need is less, the maximum fee obligation does not account for the differences in the proportionate share of cost across each district. This results in a disproportionate reduction between different types of development within jurisdictions. While the reduction may be disproportionate, when applied the MFO is always a reduction on the proportionate rates.

Exemptions

State

State law allows local governments to implement exemptions from impact fees for low-income housing and other "broad public purposes." Local governments must cover exempt fees with other public funds, with the

exception of an up to 80% reduction for low income housing. *RCW 82.02.060 (2) and (3)*

Pierce County

In the Pierce County Code, development activities excluded from impact fees are detailed in section 4A.10.010 (A). Exemptions are provided for home redevelopment or renovations that do not result in additional units, all senior housing, hotels and other vacation housing, accessory dwelling units and affordable housing. Exemptions do not affect the impact fee rates calculated by each School District, because any exempted impact fee must be paid from other public funds (except for the allowable portion of affordable housing exemptions). As a result, there is no increase in impact fee rates to make up for the exemption because there is no net loss to the impact fee account.

Developer Options

State

Developers required to pay impact fees must be provided options for appealing their impact fee obligation and must also be allowed to submit alternative analysis to demonstrate that the impacts of the development are less than those assessed. Local governments must also provide refunds if the funds are not obligated within ten years, or if the impact fee is terminated or if the developer does not proceed with the development. *RCW 82.02.060 (6), RCW 82.02.070 (4) and (5), and RCW 82.02.080*

Pierce County

Pierce County has established a process for appealing impact fees and paying impact fees under protest. *PCC 4A.10.120*. In addition, the current owner of the property which was charged impact fees is eligible for a refund if the fees are not expended within ten years of receipt by a school district. This process is only triggered if the property owner requests a refund, or else the district may hold and expend the fees later as needed. *PCC 4A.10.110*

Accounting Requirements

State

Impact fees must be spent on capital projects contained in an adopted capital facilities plan, or they can be used to reimburse the government for the unused capacity of existing facilities. Impact fee payments that are not expended or obligated within ten years must be refunded unless the jurisdiction makes a written finding that an extraordinary or compelling reason exists to continue to hold the fees. To verify these two requirements, impact fee revenues must be deposited into dedicated interest-bearing accounts, and annual reports must describe impact fee revenue and expenditures. Separate impact fee accounts must be established for each type of public facility for which fees are collected. *RCW 82.02.070 (1)*

Pierce County

Pierce County has established a dedicated account for all school impact fees. Every month, the County remits new fees collected to the appropriate school district. Districts must earmark the fees they receive and keep them in “appropriate interest-bearing accounts”. Districts are required to prepare annual reports on their school impact fee accounts, including sources and uses of all moneys collected, earned, or received. *PCC 4A.10.060 (B)*

Pierce County School Impact Fee Formula

Pierce County’s school impact fee methodology is composed of seven formulas. These formulas are combined to capture the proportionate share of the impacts of development, available funding for capital projects, the value of payments that development is expected to make toward capital projects and the cost recovery requirements set forth in the code. Values for most variables listed below are provided by each participating school district and are therefore subject to the school district’s interpretation of the requirements. However, some variable values come from public sources that are not as open to interpretation.

The entire calculation process outlined in the following table is completed separately for both single-family and multifamily development types.

Formula	Explanation
1. Site Acquisition Costs: a. Elementary site cost + b. Middle school site cost + c. High school site cost (By development type)	Generates the full cost for site acquisition by development type (single- and multifamily development). Includes the different costs for each type of school. Each component of this formula requires calculation. Each variable included in this formula and the formulas that define each variable are provided by each individual school district.
a. Elementary site cost: 1. Elementary site cost per student X 2. Elementary student factor (By development type)	Generates the elementary site acquisition cost by development type. Variables included: 1. The elementary site cost per student is the total cost required for elementary school site acquisition. Site costs per student are the estimated costs of acquiring a site in the district by grade span, meeting the district’s design requirements. It is based on

Formula**Explanation**

past experience, or costs in comparable school districts.

2. The student factor is defined in the code as “the number derived by a School District to describe how many students of each grade span are expected to be generated by development activity.” There are separate factors for single- and multifamily development. The code additionally states that “student factors shall be based on District records of average actual student generated rates for new developments constructed over a period of not more than five years prior to the date of the fee calculation.” The code does provide alternative data sources if the required data is not available.

b. Middle school site cost:

1. Middle school site cost per student X
2. Middle school student factor
(By development type)

Generates the middle school site acquisition cost by development type. Calculated like the elementary site cost, but with values for middle schools instead of elementary.

c. High school site cost:

1. High school site cost per student X
2. High school student factor
(By development type)

Generates the high school site acquisition cost by development type. Calculated like the elementary site cost, but with values for high schools instead of elementary.

2. School Construction Cost:

- a. Elementary construction cost +
- b. Middle school construction cost +
- c. High school construction cost
(By development type)

Generates the full construction cost. This formula allocates the cost of construction proportionately to the impact of each development type. Each component of this formula requires a separate calculation.

Formula	Explanation
<p>a. Elementary construction cost: 1. Elementary construction cost per student X 2. Elementary student factor by development type</p> <p><i>Repeated for Middle and High School, as shown in “Site Acquisition Costs”. (1. b-c)</i></p>	<p>Generates elementary school construction costs by development type.</p> <p>1. The construction cost per student describes the per student cost required for construction capital costs required for growth. Construction costs are limited to the construction costs associated with permanent facilities in the district. The estimated cost must be based on prior experience or the experience of a comparable school district.</p> <p>2. The student factor by development type identifies the proportionate share that each type of development generates (single- and multifamily).</p>
<p>3. Temporary Facilities Cost: a. Elementary temporary facility cost + b. Middle school temporary facility cost + c. High school temporary facility cost (By development type)</p>	<p>Results in the full cost for temporary facilities by development type (single- and multifamily development). This formula allocates the cost of temporary facilities proportionately to the impact of each development type. Each component of this formula requires a separate calculation.</p>
<p>a. Elementary temporary facility cost: 1. Elementary temporary facility cost per student X 2. Elementary student factor (By development type)</p> <p><i>Repeated for Middle and High School, as shown in “Site Acquisition Costs”. (1. B-c)</i></p>	<p>Generates Elementary school temporary facility costs by development type.</p> <p>1. The elementary temporary facility cost per student is the required cost per student to purchase and locate a temporary or relocatable facility required to serve the needs of growth.</p> <p>2. The elementary student factor by development type identifies the proportionate share that each type of development generates (single- and multifamily).</p>

Formula	Explanation
<p>4. State Match Credit: a. Elementary state match credit + b. Middle school state match credit + c. High school state match credit (By development type)</p>	<p>Generates the value of the state’s matching funds for capital costs, proportionately allocated across each type of development. This formula accounts for the availability of other sources of funding for the capital costs of providing school services to meet the needs generated by growth.</p>
<p>a. Elementary state match credit: 1. Elementary SPI square footage per student X 2. Cost Index X 3. State match percent X 4. Elementary student factor (By development type)</p> <p><i>Repeated for Middle and High School</i></p>	<p>Each component of this formula requires a separate calculation.</p> <p>Results in the Elementary school state match credit by development type.</p> <p>1. The SPI square footage per student is defined by WAC 392-343-035, and is the space allocation by grade span per student.</p> <p>2. The Cost Index is the annual construction inflation factor, as defined by WAC 392-343-060. The cost index is defined by the Office of the Superintendent of Public Instruction.</p> <p>3. The State match percent is the percentage of school construction costs for which a school district is eligible to receive funding from the state. This is defined by RCW 28A.525.166 and is defined by the Office of the Superintendent of Public Instruction.</p> <p>4. The student factor by development type identifies the proportionate share that each type of development generates (single- and multifamily).</p>
<p>5. Tax Payment Credit: a. Net present value factor X b. Current district capital property tax levy rate X c. Average assessed value (By development type)</p>	<p>Generates the value of the credit required to account for tax payments that development will pay toward the capital costs required to serve growth.</p> <p>a. The net present value factor is calculated in a separate calculation. This variable is a factor to determine</p>

Formula**Explanation**

the total present value of property tax payments to be made over time by each development type and per dwelling unit.

b. The current school district capital property tax levy rate is provided by each district in their calculations. The rate “consists of authorized tax levies to retire bonded indebtedness incurred for School District capital purposes under Chapter 28A.530 RCW and school facility levies for construction, remodeling, and modernization under RCW 84.52.053.

c. The average assessed value by development type is the average value of property for single- or multifamily development from which property tax due is calculated. The assessed value is determined by the county assessor for each district.

a. **Net Present Value Factor:**

$$\frac{[(1 + i)^n] - 1}{[i(1 + i)^n]}$$

1. i is the current interest rate for outstanding bond
2. n is the number of years before bond retirement

Generates the net present value factor.

1. The current interest rate is the school districts current interest rate for outstanding bond issues.

2. The number of years before retirement is the number of years left before the district’s bond or capital levy is retired, up to 10 years.

6. **Facilities Credit:**

- a. Value of developer contribution ÷
- b. Number of dwelling units in the development

Generates the value of the facilities credit, or the per-dwelling unit value of any contributions made by the developer to the school district for capital projects as contributions for the development’s impact due to growth.

This credit is included only if a specific developer has made a contribution in the form of a site or facilities.

Therefore, this credit is typically calculated on a per development basis,

Formula	Explanation
	rather than at the time that the district-wide calculations are made.
7. Total Unfunded Need: a. Full cost for site acquisition + b. Full cost for construction + c. Full cost for temporary facilities – d. State match credit – e. Tax payment credit – f. Facilities credit	Generates the total unfunded need per dwelling unit for the school district.
8. Fee Obligation: Total Unfunded Need X 50%	Reduces the unfunded need by 50%, resulting in the fee obligation per dwelling unit by type (single- or multifamily).

If the fee obligation is less than the maximum fee obligation set forth in the Pierce County Code, then the fee obligation becomes the school district impact fee per dwelling unit.

If the fee obligation is more than the maximum fee obligation, then the school district impact fee per dwelling unit is set at the maximum fee obligation per dwelling unit.

METHODOLOGY COMPARISON TO REGIONAL JURISDICTIONS

In order to understand how the Pierce County school impact fee program compares to other regional jurisdictions, a detailed comparison was made between Pierce County and three other counties, as well as three cities in Pierce County with school impact fee programs. Pierce County’s methodology was compared to King County, Snohomish County, Clark County, and the cities of Edgewood, Auburn and Fife. The counties were selected based on proximity to Pierce County, similarity in size to Pierce County and through consultation with Pierce County staff. The three cities were selected based on the diversity of responses provided by school districts regarding which municipalities also collect school impact fees within their service area. The detailed analysis for the county jurisdiction comparisons, including the specific code references can be found in **Appendix A** and a detailed analysis for the city jurisdiction comparisons can be found in **Appendix B**.

Below is a summary of key findings, as well as the similarities and differences between Pierce County and the six selected jurisdictions.

Key Findings

A detailed review of the codes governing school impact fee programs, as well as school impact fee rates in selected jurisdictions revealed the following key findings.

- The school impact fee methodology employed by Pierce County is similar to the methodologies used by King County, Snohomish County and Clark County.
 - Key differences in the methodologies are the adjustment percentage used and the use of a maximum fee obligation. King County, like Pierce County reduces the calculated unfunded need by 50%, but they do not use a maximum fee obligation. Snohomish County uses a 50% adjustment and recently imposed a maximum of \$7,000 per dwelling unit. Clark County uses an adjustment of 85% and does not impose a maximum fee obligation.
 - Many incorporated jurisdictions that Pierce County school districts also serve tend to have rates similar to those imposed in Pierce County. Some of these jurisdictions adopt the Pierce County methodology by reference. Some of these jurisdictions also impose a maximum limit, but not at the same rate as Pierce County.
- Pierce County is not alone in imposing a maximum fee obligation. The City of Edgewood has a cap of \$3,500 per single-family dwelling unit, and the City of Gig Harbor sets their maximum fees at \$3,270 per single-family dwelling unit (**Exhibits 8 and 9**).
- Pierce County rates are generally lower than rates in the three county jurisdictions examined for comparison. Additionally, rates in municipalities in Pierce County also tend to be lower than other regional jurisdictions. Without the maximum fee obligation rates in Pierce County would have more variance between districts but would also be more similar to the rates seen in Clark and Snohomish Counties.
- King, Snohomish and Clark counties, like Pierce County, have wide variance in school impact fee rates by district. Lake Washington School District has a rate of \$11,954 per single-family dwelling unit, the highest in King County, while Fife School District has a rate of \$1,527 per single-family dwelling unit in King County. (**Exhibit 3**)

Exhibit 3. Single-Family Dwelling Unit School Impact Fee Rates by Selected Jurisdiction

Jurisdiction	District	Fee	Adjustment	Maximum Limit	Rate at Maximum	Source
Single-Family Dwelling Unit						
King County	Lake Washington	\$11,954	50%			2018 Fee Guide 03
King County	Northshore	\$10,573	50%			2018 Fee Guide 03
King County	Snoqualmie	\$10,096	50%			2018 Fee Guide 03
King County	Issaquah	\$8,762	50%			2018 Fee Guide 03
King County	Renton	\$7,772	50%			2018 Fee Guide 03
Snohomish County	Northshore	\$7,000	50%	Yes	Yes	SCC 30.66C
King County	Tahoma	\$6,954	50%			2018 Fee Guide 03
Snohomish County	Everett	\$6,950	50%	Yes		SCC 30.66C
King County	Federal Way	\$6,842	50%			2018 Fee Guide 03
Snohomish County	Lake Stevens	\$6,624	50%	Yes		SCC 30.66C
Clark County	Ridgefield	\$6,530	85%			Clark County Fee Schedule
Clark County	Battle Ground	\$6,397	85%			Clark County Fee Schedule
King County	Riverview	\$6,282	50%			2018 Fee Guide 03
Clark County	Evergreen	\$6,100	85%			Clark County Fee Schedule
Clark County	Green Mountain	\$6,080	85%			Clark County Fee Schedule
King County	Enumclaw	\$5,943	50%			2018 Fee Guide 03
Clark County	Washougal	\$5,600	85%			Clark County Fee Schedule
Clark County	Camas	\$5,371	85%			Clark County Fee Schedule
Thurston County	Olympia	\$5,298	15%			2018 Impact Fee Schedule
King County	Kent	\$5,235	50%			2018 Fee Guide 03
Clark County	Woodland	\$5,000	85%			Clark County Fee Schedule
City of Yelm	Yelm	\$4,450	50%			YMC 18.16.090
Thurston County	Yelm	\$4,450	50%			2018 Impact Fee Schedule
Snohomish County	Mukilteo	\$4,275	50%	Yes		SCC 30.66C
Thurston County	Tumwater	\$4,130	33%			2018 Impact Fee Schedule
Clark County	La Center	\$4,111	85%			Clark County Fee Schedule
Town of Steilacoom	Steilacoom Historical	\$4,083	50%			SMC 15.30
City of Fife	Puyallup	\$3,588				FMC 20.15
City of Edgewood	Fife	\$3,500	50%	Yes	Yes	EMC 4.10
City of Edgewood	Puyallup	\$3,500	50%	Yes	Yes	EMC 4.10
City of Edgewood	Sumner	\$3,500	50%	Yes	Yes	EMC 4.10
City of Auburn	Dieringer	\$3,485	50%			AMC 19.02
Pierce County	Bethel	\$3,485	50%	Yes	Yes	Ordinance 2017-78
Pierce County	Dieringer	\$3,485	50%	Yes	Yes	Ordinance 2017-78
Pierce County	Franklin Pierce	\$3,485	50%	Yes	Yes	Ordinance 2017-78
Pierce County	Orting	\$3,485	50%	Yes	Yes	Ordinance 2017-78
Pierce County	Peninsula	\$3,485	50%	Yes	Yes	Ordinance 2017-78
Pierce County	Puyallup	\$3,485	50%	Yes	Yes	Ordinance 2017-78
Pierce County	Steilacoom Historical	\$3,485	50%	Yes	Yes	Ordinance 2017-78
Pierce County	Sumner	\$3,485	50%	Yes	Yes	Ordinance 2017-78
Pierce County	Yelm	\$3,485	50%	Yes	Yes	Ordinance 2017-78
City of Puyallup	Puyallup	\$3,454		Yes	Yes	PMC 21.20
Clark County	Hockinson	\$3,387	85%			Clark County Fee Schedule
City of Gig Harbor	Peninsula	\$3,343	50%	Yes	Yes	GHMC 19.12
King County	Auburn	\$3,322	50%			2018 Fee Guide 03
Clark County	Vancouver	\$2,881	85%			Clark County Fee Schedule
City of Orting	Orting	\$2,780	50%	Yes	Yes	OMC 15.6
Snohomish County	Monroe	\$2,749	50%	Yes		SCC 30.66C
City of Fife	Fife	\$2,640	50%			FMC 20.15
Thurston County	Rochester	\$2,531	District discretion			2018 Impact Fee Schedule
King County	Highline	\$2,290	50%			2018 Fee Guide 03
Snohomish County	Marysville	\$1,553	50%	Yes		SCC 30.66C
City of Milton	Fife	\$1,527	50%			MMC 13.42
King County	Fife	\$1,527	50%			2018 Fee Guide 03
Pierce County	Fife	\$1,527	50%	Yes		Ordinance 2017-78
Snohomish County	Sultan	\$1,501	50%	Yes		SCC 30.66C
Snohomish County	Lakewood	\$857	50%	Yes		SCC 30.66C

Pierce County School Impact Fee Rate
 School Impact Fee Rate in Incorporated Portion of District

Exhibit 4. Multifamily Dwelling Unit School Impact Fee Rates by Selected Jurisdiction

Jurisdiction	District	Fee	Adjustment	Maximum Limit	Rate at Maximum	Source
Multi-Family Dwelling Unit						
King County	Federal Way	\$20,086	50%			2018 Fee Guide 03
Clark County	Evergreen	\$7,641				Clark County Fee Schedule
Clark County	Ridgefield	\$6,530				Clark County Fee Schedule
Clark County	Washougal	\$5,800				Clark County Fee Schedule
City of Fife	Fife	\$5,664	50%			FMC 20.15
Clark County	Camas	\$5,371				Clark County Fee Schedule
Clark County	La Center	\$5,095				Clark County Fee Schedule
Snohomish County	Lake Stevens	\$3,678	50%	Yes		SCC 30.66C
King County	Issaquah	\$3,461	50%			2018 Fee Guide 03
City of Puyallup	Puyallup	\$3,454		Yes	Yes	PMC 21.20
Snohomish County	Everett	\$3,230	50%	Yes		SCC 30.66C
King County	Highline	\$3,162	50%			2018 Fee Guide 03
Snohomish County	Monroe	\$3,032	50%	Yes		SCC 30.66C
Snohomish County	Mukilteo	\$2,972	50%	Yes		SCC 30.66C
City of Fife	Puyallup	\$2,839				FMC 20.15
Clark County	Green Mountain	\$2,781				Clark County Fee Schedule
Thurston County	Rochester	\$2,531	50%			2018 Impact Fee Schedule
Thurston County	Olympia	\$2,520	15%			2018 Impact Fee Schedule
Clark County	Woodland	\$2,500				Clark County Fee Schedule
Clark County	Vancouver	\$2,382				Clark County Fee Schedule
Clark County	Battle Ground	\$2,285				Clark County Fee Schedule
King County	Kent	\$2,267	50%			2018 Fee Guide 03
King County	Snoqualmie	\$2,227	50%			2018 Fee Guide 03
Snohomish County	Sultan	\$2,133	50%	Yes		SCC 30.66C
City of Gig Harbor	Peninsula	\$2,124	50%	Yes	Yes	GHMC 19.12
Snohomish County	Marysville	\$2,096	50%	Yes		SCC 30.66C
King County	Auburn	\$2,081	50%			2018 Fee Guide 03
City of Edgewood	Puyallup	\$2,000	50%	Yes	Yes	EMC 4.10
City of Edgewood	Sumner	\$1,946	50%	Yes		EMC 4.10
Pierce County	Bethel	\$1,840	50%	Yes	Yes	Ordinance 2017-78
Pierce County	Franklin Pierce	\$1,840	50%	Yes	Yes	Ordinance 2017-81
Pierce County	Orting	\$1,840	50%	Yes	Yes	Ordinance 2017-82
Pierce County	Peninsula	\$1,840	50%	Yes	Yes	Ordinance 2017-83
Pierce County	Puyallup	\$1,840	50%	Yes	Yes	Ordinance 2017-84
City of Yelm	Yelm	\$1,812	50%			YMC 18.16.090
Thurston County	Yelm	\$1,812	50%			2018 Impact Fee Schedule
Pierce County	Yelm	\$1,795	50%	Yes		Ordinance 2017-86
City of Edgewood	Fife	\$1,772	50%	Yes		EMC 4.10
Pierce County	Sumner	\$1,772	50%	Yes		Ordinance 2017-85
King County	Renton	\$1,570	50%			2018 Fee Guide 03
City of Orting	Orting	\$1,495	50%	Yes	Yes	OMC 15.6
King County	Enumclaw	\$1,307	50%			2018 Fee Guide 03
King County	Riverview	\$1,252	50%			2018 Fee Guide 03
City of Auburn	Dieringer	\$1,081	50%			AMC 19.02
Pierce County	Dieringer	\$1,081	50%	Yes		Ordinance 2017-79
Snohomish County	Lakewood	\$1,037	50%	Yes		SCC 30.66C
Thurston County	Tumwater	\$996	52%			2018 Impact Fee Schedule
King County	Lake Washington	\$733	50%			2018 Fee Guide 03
King County	Tahoma	\$712	50%			2018 Fee Guide 03
City of Milton	Fife	\$290	50%			MMC 13.42
King County	Fife	\$290	50%			2018 Fee Guide 03
Pierce County	Fife	\$290	50%	Yes		Ordinance 2017-80

Pierce County School Impact Fee Rate
 School Impact Fee Rate in Incorporated Portion of District

Methodology Comparisons

Below are similarities and differences between six selected regional jurisdictions. These comparisons are organized by the same twelve topics as the review of Pierce County's current school impact fee methodology.

Interlocal Agreements

King and Clark Counties require districts to enter into interlocal agreements before collecting school impact fees. Clark has a number of requirements for such agreements, while King only states that the terms of passing on the fees must be addressed. Snohomish County's code does not specifically mention interlocal agreements but does require some form of formal agreement with districts to formalize the process for reimbursing administrative costs and refund payments.

Auburn and Edgewood's codes state that school districts must enter into interlocal agreements with the City before impact fees are collected on their behalf. Fife's code does not mention interlocal agreements.

Capital Facilities Plan

All three counties reviewed state that districts must have their capital facilities plans (CFP) approved and adopted by the county, and that plans must address at least six years of enrollment forecasts. King County requires yearly updates, Snohomish County every two years and Clark County requires an update every four years.

Edgewood and Auburn have identical definitions for the components of a CFP, requiring future needs based on enrollment projections, additional demands placed on facilities by new development, a list of long-range capital projects, current construction projects, the locations and capacities of expanded or new facilities, an inventory of all existing facilities, a six year financing plan, an assessment of current deficiencies and how they will be fixed, and any other projects. Fife's code only mentions the City's CFP and does not reference any process or requirement for incorporating the school districts' CFPs into the City CFP.

Types of Improvements

All six jurisdictions reviewed have language that limits the use of school impact fees to system improvements. All three counties specifically stipulate that the collected fees may only be used for system improvements listed in the CFP.

Fife's code states that impact fees are to be used for public facilities to serve new growth listed in the CFP and additionally states that only system

improvements that serve the community at large are included in the CFP. Auburn only states that fees cannot exceed the development's share of the cost of related system improvements. Edgewood mentions "system improvements" in several places but does not explicitly say that the only eligible uses of impact fees are for system improvements or how they are defined.

Growth Forecasts

In conformance with state law, all three counties require that districts demonstrate growth in their CFP. The three counties require six years of enrollment projections with each CFP update. They state that these projections will be reviewed to determine if they are sound and in compliance with state law, but do not offer additional guidance.

Auburn and Edgewood both state that, every year, each district must submit updated enrollment projections for the next six years, their current enrollment, and projected versus actual enrollment from the previous year. Edgewood also makes the connection to tying enrollment projections to future facilities needs listed in the CFP. Fife does not mention growth forecasts in their municipal code.

Proportionate Share

Snohomish and King Counties specifically state that fees charged cannot exceed the proportionate share of system improvement costs related to the new development. All three cities state that fees must not exceed the proportionate share of the cost of public facilities related to the development.

Reductions of Impact Fee Amounts

All six jurisdictions reviewed state that developers are eligible for a credit to their school impact fees if they provide land or improvements to school facilities, as approved by the school district.

Reasonably Related to Need

Snohomish County states that only capital projects in the CFP which add capacity are eligible for impact fee funding. King County and all three cities reviewed specifically state that fees charged must be reasonably related to the impact caused by development. Clark County only states that school impact fees can only be charged for residential development, and do not apply to housing restricted to seniors.

Reasonably Related to Expenditures

Snohomish and Clark Counties and all three cities state that impact fees may only be expended on capital facilities listed in the CFP. Clark County

and the City of Auburn require fees to be expended within six years, while King County, and the Cities of Edgewood and Fife allow expenditure within ten years of receipt.

Rates and Cost Recovery

All three counties have a similar approach to defining their fee, but different approaches to capping fees. Snohomish County has a 50% adjustment included in the formula and has also applied a temporary flat maximum fee of \$7,000 per unit, regardless of unit type. King County only requires that the calculated fee be reduced by 50% but has no set maximum rate. Clark County applies an 85% adjustment, but like King County has no set maximum rate

Edgewood and Fife simply list the fees charged per district, and do not provide a specific formula for how the fees are calculated. Fife also has developers pay the districts directly, then show proof of payment to the City before permits can be approved. Auburn provides the same formula as Pierce County, including requiring that the fee be cut in half. Auburn's code also states that school districts set their own fees "based on what other jurisdictions have used", and then the City approves them. It is unclear how these two different requirements relate to each other.

Exemptions

Snohomish and King Counties allow an impact fee exemption for low- or moderate-income housing projects. King and Clark grant exemptions to senior housing. King also sets mobile homes and accessory dwelling units as exempt.

Edgewood and Auburn both exempt the following development types from impact fees: senior-restricted housing, units rebuilt within a year of demolition without adding more units, condominium conversions, and developments that already have a mitigation agreement set under SEPA or separate agreement with the school district. Edgewood also exempts low- or moderate-income housing and transitional or temporary housing. Fife only says that city-owned or operated developments are exempt.

Developer Options

All six jurisdictions allow developers to appeal their impact fees. The level of detail provided within the code differs and some districts allow for early determination of impact fees or deferred impact fee payment.

Accounting Requirements

As required by state law, all six jurisdictions require that impact fees must be kept in separate accounts by purpose, with all accrued interest. They also all require regular reporting on those accounts.

Impact Fee Formula Comparison

The King County school impact fee formula differs from the Pierce County formula in five ways.

- The full cost fee for school construction is multiplied by the ratio of permanent facilities to total facilities within the district, which is not included in Pierce County's formula.
- The full cost fee for temporary facilities construction is multiplied by the ratio of temporary facilities to total facilities within the district, also not specified by Pierce County.
- The interest rate (i) used in the net present value factor is required to be the rate from the Bond Buyer Twenty Bond General Obligation Bond Index.
- The number of years (n) used in the net present value factor is ten years for all districts.
- While the King County formula includes a 50% adjustment, King County does not have a maximum fee obligation that caps the calculated fees for each district.

Snohomish County's formula is the same as Pierce County's formula, except it is more specific in outlining how districts must calculate the cost per student for each category. In practice, most Pierce County districts follow the specific requirements for calculated cost per student as outlined in Snohomish County code.

- The site acquisition cost element has more elements than the Pierce County formula, specifying that the per student cost must be calculated using the number of acres, land cost per acre and the facility design capacity in terms of the number of students. This, like Pierce County, is then multiplied by the student factor.
- The school construction cost element specifies that the per student cost be calculated by dividing the facility construction cost by the facility design capacity in number of students.
- Similar to the construction cost element, the relocatable cost element is to be calculated by dividing the relocatable facilities cost by the student capacity.
- Like King County, in the net present value factor, the interest rate used is specified as the rate from the Bond Buyer Twenty Bond General Obligation Bond Index.

- Additionally, like King County, the number of years used in the net present value factor is specified at ten years.
- Snohomish County also specifies that each district may elect to include an adjustment of their choosing. The code states “recognizing that the availability of other sources of public funds varies among districts, each district may provide an additional credit against school impact fees which the district determines will provide the best balance in system improvement funding within the district, between school impact fees and other sources of local public funds available to the district.” Similar to any reduction in calculated impact fee rates, the adjustment may not increase the calculated fee obligation.
- Like both King and Pierce counties Snohomish County provides a 50% reduction in the calculated school impact fee for each district. Snohomish County has adopted a temporary maximum limit of \$7,000 per dwelling unit. Unlike Pierce County this maximum fee limit is the same for both single-family and multifamily dwelling units.

Clark County’s school impact fee formula is quite different from those used in Pierce, King and Snohomish counties. The formula is as follows:

- The district must divide the cost of each type of facility (elementary, middle and high school) in the CFP attributable to new growth by the increase in the number of students for the six-year period.
- The facility cost per student is multiplied by the student factor.
- Then the state match, or the amount that is received from the state for school construction costs is subtracted from the total cost.
- Next, the tax credit is subtracted from the remaining cost. The tax credit is calculated by multiplying the net present value factor by the average assessed value by dwelling unit and multiplied by the current district capital property tax levy rate. The net present value factor is calculated the same way as it is for King and Snohomish Counties.
- This net cost is then multiplied by an adjustment of 85%. The adjustment is the portion of the anticipated increase in the public share resulting from exempt residential development that is pro-ratable to new residential development.

The City of Edgewood provides no specific formula for school impact fees, it simply states that it will be based on the formula documented in each school districts adopted CFP. In practice, each district follows the Pierce County formula, implementing a 50% reduction. The City of Edgewood has a maximum fee obligation similar to Pierce County, set at \$3,500 per single-family unit and \$2,000 per multifamily unit.

The City of Auburn sets for a school impact fee formula that is exactly the same as the formula used by Pierce County. Unlike Pierce County however, Auburn does not set a maximum fee obligation.

The City of Fife does not set forth a methodology or formula for the calculation of school impact fees. Instead the Fife Municipal Code simply sets the school impact fee rates for single-family and multifamily dwelling units for the Fife and Puyallup School Districts.

CFP and Impact Fee Review Process Comparison

Each jurisdiction has their own requirements for reviewing the capital facilities plans and impact fee calculations provided by each school district. Some jurisdictions have a more extensive review process than other jurisdictions. Pierce County code simply states that the County will review the district's CFPs and their own impact fee ordinances in conjunction with the review of the CFP Element of the Comprehensive Plan for consistency with current conditions and required elements outlined in the code. *PCC 4A.30.010 (C)*

Clark County sets rules and regulation requiring Planning Commission review of district CFPs and impact fee calculations. The Commission is required to review four factors: the reasonableness and reliability of enrollment projections; the reasonableness and historical reliability of anticipated state and local funding; the comparability of the standards of service with similar districts; and whether the impact fee formula was applied properly. The Commission then has the power to ask the district to resubmit the CFP if it is deemed to be insufficient. Additionally, Clark County code requires that the CFP be adopted at a public hearing of the school board. *CCC 40.620.030*

Snohomish County's review process is similar to that used by Clark County, but the responsibility for review falls under the jurisdiction of the Department of Planning and Development Services. The Department must review the submitted plans for four criteria: that the required information and elements are included; that the analysis in the CFP is consistent with current data; that the impact fee calculation properly applies the specified formula; and that the CFP was adopted by the district's school board. If the elements are not satisfied, then the department may request that the school district resubmit the CFP. Once the review is complete and the standards are met the Planning department sends the CFPs to the Planning Commission. The Snohomish County code also allows the Director of the Department of Planning and Development Services to create a technical review committee to assist staff with the review of the district CFPs. *SCC 30.66C.050*

King County, of the jurisdictions reviewed, has the most stringent review process. King County code creates the School Technical Review Committee. The code then outlines the data, reports and information that each district is required to submit to the Committee. The Committee is also required to review the CFP, the enrollment projections and the impact fee calculations. The review of the documents looks at six factors: the enrollment projections; the historic levels of local voter-approved bond funding; historic and anticipated state funding; district emergencies that impact capacity; standards of service in similar communities; and state set ratios of service. The Committee is authorized to ask districts to update the CFP and resubmit, and the Committee under some circumstances is authorized to set new standards of service. If no CFP is submitted to the county, then it is assumed that the district has sufficient funding to meet the needs of growth for the following six-year period. *KCC 21A.28.154*

The three cities examined in detail have much less stringent review processes mandated in their municipal codes. The Cities of Edgewood and Auburn both require Council review of the district CFPs annually, in conjunction with Council review of the CFP Element of the Comprehensive Plan. Auburn's Municipal Code further allows the Council to determine if an adjustment to the fee is needed, and that when reviewing district requests for increases in the impact fee rates the Council will consider the quality and completeness of data submitted by the CFP and may elect to enact a lesser fee than that requested in the district CFP. *AMC 19.02.060* The City of Fife, unlike Auburn and Edgewood specifies no process for reviewing school district impact fee calculations.

SCHOOL DISTRICT METHODOLOGY APPLICATION

In order to participate in the school impact fee program, as required by Pierce County Code, school districts serving unincorporated Pierce County send the County their Capital Facilities Plans (CFP) and impact fee calculations for adoption into the County's Comprehensive Plan. Some districts update their CFP and impact fee calculations annually, while other districts may update their plans and calculations less frequently.

Each of the ten districts currently participating in the Pierce County school impact fee program and currently charging impact fees were asked to participate in a review of the program. Each district was sent a questionnaire and asked to participate in subsequent phone interviews. Each district was asked to provide information on the data sources employed and processes involved in calculating their school impact fees. Among the districts contacted, only two did not provide information for this analysis. Dieringer School District opted not to participate, and Sumner School District did not provide a response.

In addition to the information provided through the questionnaire and interviews, the CFP for each district was provided by Pierce County for detailed review.

Key Findings

A detailed analysis of each district's impact fee calculations and questionnaire responses highlighted several key themes.

- The factor with the most impact on the differences in rates between districts and over time are the size and number of projects included in each CFP eligible for impact fee funding. Some districts have very aggressive plans for capital investment, sometimes driven by bond efforts, while other districts limit their growth plans to adding temporary facilities.
 - Several districts provided feedback that if they are not able to pass bond measures, then they do not have funding sufficient to undertake a capital project, so they rely on portables/temporary facilities to provide the capacity needed to serve growth.
- District feedback highlighted that impact fee calculations are challenging and outside their areas of expertise. Many districts noted that it would be helpful to have resources provided with information important to the impact fee calculations. These resources could include contact information should questions arise, links to available and required data sources, instructions on how to do the calculations, and other available resources.
 - Often staff changes within a district can result in losses in institutional knowledge about the school impact fee methodology creating challenges for the district when they make annual updates.
- Districts use a variety of data sources for their acquisition, construction and temporary facilities costs. These sources can include: past cost data for similar projects; data provided by architects and engineers; data provided by professional cost estimators; OSPI data on recently funded projects; internal cost estimates developed by finance staff; and cost data developed through bond program development. Additionally, districts often use architects and engineers to develop the projects included in their plans as well as the project costs.
- The costs for land acquisition, construction and temporary facilities differ between districts. To a certain degree this should be expected as costs differ between districts, and the specific projects plans are unique to each district. Additionally, some districts are closer to implementation on projects and have estimates that are relatively specific and precise, while other districts are just starting the project development and have estimates based on generic expected project needs. However, it is difficult to determine how much variance in costs

between districts can be expected and is reflective of the differences in needs between districts.

- Although each district documents the project costs in their CFP, typically is difficult to determine which projects generate capacity and are included in the impact fee calculations and which projects are not. It is also often challenging to confirm that the cost estimates by project in CFP match the costs used in the impact fee calculations when they are broken out by more generic categories.
- Districts often mentioned that they rely on information provided by consultants for their impact fee calculations.
 - Architects and engineers often provide some cost data used in the CFP.
 - Districts typically employ consultants to develop their student generation factors and their enrollment projections. These figures are typically not updated annually, but instead are updated on an as needed basis.
 - Many districts have a bond consultant or land use attorney that helps provide data on their bond rates and the number of years to bond retirement.
- There are some differences in the implementation of the state match between districts. Districts mentioned that the state match percentage from OSPI is only applicable to very specific capital investments and does not include land acquisition. One district also mentioned that they don't include the state match in their calculations because they are no longer eligible for matching funds due to state funding received in the past. While this district has a match percentage listed by OSPI they noted that in reality they won't receive that match.
- Most districts use the maximum ten years in the calculation of the net present value of tax payments. There is some inconsistency in the application of the formula provided in the County Code, which may be a result of the challenges in updating calculations expressed by districts. Some districts may also use the ten-year maximum to conform with the impact fee program requirements in other jurisdictions within their service area.
- Districts noted that the Pierce County methodology allows each district to develop a CFP that fits the needs of their individual district, which may be very different from other jurisdictions. Districts also noted that some districts are more dynamic in their project and funding needs than others, which can lead to rates varying greatly year-to-year.

Capital Facilities Plan

Each school district develops and updates their capital facilities plan (CFP) annually before sending the CFP to Pierce County for adoption into their Comprehensive Plan. Every district has their own process for updating their CFP and impact fee calculations, however there are several common elements.

- Updating the CFP is typically an internal process, undertaken by district staff.
- Many districts employ consultants for elements of their CFP updates, and some districts even employ a consultant to update the entire CFP.
- Typically, data in the CFP and the impact fees are updated as necessary, so in some years there may be vary drastic changes in the CFP, while in other years the CFP may change very little.
- Upon completion, the draft CFP is shared at a work session of the board or is made available to the public for a period of time. This allows for a period of public comment and review.
- The CFP is updated after the first review with any board comments or public comments.
- The revised and finalized CFP is then presented at a public hearing of the school board for adoption.

Districts undertake their CFP updates at different times throughout school year. Some districts elect to update their CFP in the spring months, while others will undertake their update in the fall months. As a result, some jurisdictions may complete their CFP update after the deadline for the adoption of updated impact fee rates for Pierce County. For example, the 2018 Pierce County school impact fee rates for some districts are based on 2016-2022 CFPs and others are based on 2017-2023 CFPs.

Project Selection

The projects that are included in the CFP form the basis from which districts calculate their fees. Only those projects that increase the capacity of the district are eligible for impact fees.

Districts have a variety of methods for selecting the projects they include in their CFP each year. Some districts have formed committees to determine their capital investments, while others determine the capital investments through public processes and review during their bond process.

Multiple districts noted that if they cannot pass a bond, then the impact fees are used for temporary facilities or portables. Typically, impact fee collections are not enough to fully fund the larger capital investments required to serve growth. For example, Yelm School District noted that they have not been

successful in passing a bond since 2003 and thus rely heavily on portables to serve their capacity needs.

Project Cost Data

School districts have a variety of resources at their disposal to estimate project costs for their CFP. Districts noted that the costs used in the impact fees are drawn directly from the costs listed in the CFP for eligible projects. Districts may rely on several sources to inform their cost projections for the short-term planning horizon in their CFP. These resources can include the construction cost database provided by the Office of the Superintendent of Public Instruction which details project costs for recent construction projects; project costs for recent costs within the district or from nearby districts, especially for temporary facilities or portables; project cost estimations from architects, engineers or professional cost estimators; and cost estimations developed through a rigorous bond process.

Districts mentioned that the cost estimations are truly estimations until the projects go through the more rigorous design process before a project is started. Some districts are further along in the planning process for certain projects than other districts, resulting in more precise cost estimates for some projects than for others.

The per student costs used in the impact fee calculations vary by district (**Exhibit 5**). Some of the cost difference may be due to actual differences in costs between districts, particularly for land. Some of the difference may be due to the difference in accuracy of project cost estimation due to differences in the current stage of project planning. For example, Puyallup School District includes land acquisition costs for specific sites required for an expansion project. Some of the differences may be due to the unique requirements to meet the specific level of service and programmatic needs defined by each district. However, it is possible that districts also simply do not have sufficient resources to help them develop cost estimates consistently with other districts. Several districts provided feedback that impact fee calculations are challenging, and they would like to have more information and resources available to help them with the calculations.

Exhibit 5. Cost per Student by District

	Elementary School	Middle School	High School	Average Cost
Site Acquisition Cost				
Dieringer School District	\$11,183			\$11,183
Bethel School District	\$10,500		\$8,750	\$9,625
Sumner School District	\$6,818	\$8,333	\$9,375	\$8,176
Puyallup School District	\$5,263	\$2,106	\$9,615	\$5,662
Orting School District	\$1,818	\$4,308	\$5,556	\$3,894
Yelm School District	\$752			\$752
Fife School District				
Franklin Pierce School District				
Peninsula School District				
Steilacoom Historic School District				
Construction Cost				
Orting School District	\$55,286	\$69,231	\$100,000	\$74,839
Puyallup School District	\$60,765	\$77,752		\$69,258
Bethel School District	\$68,000		\$59,375	\$63,688
Fife School District			\$56,380	\$56,380
Dieringer School District	\$51,389			\$51,389
Sumner School District	\$50,909	\$46,667	\$53,750	\$50,442
Peninsula School District	\$45,455			\$45,455
Franklin Pierce School District	\$62,218	\$31,467	\$9,776	\$34,487
Steilacoom Historic School District	\$31,538			\$31,538
Yelm School District	\$10,442	\$12,757	\$16,061	\$13,086
Temporary Facilities Cost				
Bethel School District	\$12,500	\$8,929	\$8,929	\$10,119
Orting School District	\$9,000	\$9,000	\$9,000	\$9,000
Yelm School District	\$20,198	\$3,676	\$2,617	\$8,830
Sumner School District	\$9,783	\$7,500	\$7,500	\$8,261
Puyallup School District	\$6,250	\$5,357	\$5,357	\$5,655
Peninsula School District	\$3,409			\$3,409
Dieringer School District				
Fife School District				
Franklin Pierce School District				
Steilacoom Historic School District				

Sources: Bethel School District Capital Facilities Plan, 2016-2021; Dieringer School District Capital Facilities Plan, 2018-2023; Fife School District Capital Facilities Plan, 2017-2023; Franklin Pierce Schools Six-Year Capital Facilities Plan, 2017-2023; Orting School District Capital Facilities Plan, 2017-2022; Peninsula School District Six-Year Capital Facilities Plan, 2016-2022; Puyallup School District 2017-2022 Capital Facilities Plan; Steilacoom Historical School District Capital Facilities Plan; 2016-2022; Sumner School District Capital Facilities Plan, 2016-2021; Yelm Community Schools Capital Facilities Plan, July 2016; Community Attributes Inc., 2018.

Enrollment Projections and Student Factors

Both the enrollment projections and student factors are elements of the impact fee process that districts typically hire consultants to develop. Hiring a consultant to do a study is expensive, so this data is typically updated on an as needed basis by the school districts rather than annually.

The Office of the Superintendent of Public Instruction (OSPI) develops student projections, and many districts use these as a starting point for their enrollment projections. However, districts noted that these projections alone typically do not well represent the growth trends for their districts well and are usually only good for those districts that are experiencing consistent growth. Some districts hire a demographer to conduct a thorough study of their district and develop student projections. Other districts are finding that they can use the OSPI projections as a starting point and modify them based on expected development and growth within their district to develop their own student projections.

Many districts also hire a consultant to develop their student factors and typically only update this data when their growth pattern seems to have changed. Student generation rates are calculated by geocoding student addresses and matching these with residential construction built within the previous five-year period. The number of new students is divided by the number of new units by type. The student data is provided by the district and the county assessor provides the permitting and construction data. These calculations provide a factor to describe the average student generation for a newly constructed single-family or multifamily unit. Some districts do not have enough data within their service area for the previous five-year period, so they will use a composite student generation rate for several surrounding districts.

Credits Calculations

Pierce County methodology outlines two types of credits to be included in the impact fee calculation, the state match credit and the tax payment credit. The state match credit takes into account the funds provided by the state government to assist school districts with capital projects. The tax payment credit estimates the projected value of property tax payments that a dwelling unit can be expected to contribute to the school district over the life of the existing bonds and capital levies within the district, based on available data and within a maximum time period of ten years. Each of these credits have their own formula for calculation and require several variables.

State Match Credit

The state match credit is calculated by multiplying the allowed cost of construction per square feet by square feet per student and by the student factor. Pierce County code provides the references for where districts can gather data on the construction cost and the square footage per student. The construction cost, or the Cost Index, is determined by OSPI and is adjusted annually to account for changes in construction costs. Most districts indicated that they know where to gather the cost index data from OSPI, but others noted that they either used data from prior bond research to inform this variable or were provided the data from a consultant. This particular data source is one item that staff at some districts considered institutional knowledge and sometimes were not aware of the original source.

The second variable used in the state match credit calculation is a measure of square feet per student, or the SPI Square Footage per Student. All districts participating in the questionnaire mentioned that they were aware that this data is available through OSPI. Districts mentioned that the SPI square footage are the state determined number of square feet required per student, however, in their own programmatic assessments of square feet required per student these numbers are often low for their district's needs.

The third variable used is the state match percentage. This data is available to districts through OSPI and provides them with the percentage of state matching dollars they are eligible to receive for qualifying expenses. Several districts mentioned that the actual percentage they receive in matching funds is typically much lower than the calculated percentage because many costs are not eligible, including land acquisition and certain construction costs. Some school districts also mentioned that at times they don't include this factor in their calculations because they have already received their state matching funds for other projects completed in the recent past and can't expect to receive any state funding for their capital projects in the six-year planning horizon of the CFP.

Tax Payment Credit

The second credit calculation is the tax payment credit, which requires four variables. The first is the assessed value of single-family and multifamily property in each district. This data is provided to each district by the Pierce County Assessor's Office. The averaged assessed value by district used in the current impact fee calculations vary quite significantly (**Exhibit 6**).

Dieringer School District has the highest average assessed value for single-family dwelling units at nearly \$430,000, while Yelm has the lowest at not quite \$200,000. The Peninsula School District has the highest average assessed value for multifamily dwelling units, and Yelm also has the lowest average assessed value for multifamily dwelling units.

Exhibit 6. Average Assessed Value by District and Dwelling Unit Type

School District	SFDU	MFDU
Dieringer School District	\$429,904	\$292,894
Peninsula School District	\$413,547	\$315,710
Puyallup School District	\$309,024	\$173,350
Sumner School District	\$295,632	\$298,149
Orting School District	\$294,949	\$228,000
Steilacoom Historic School District	\$286,350	\$295,140
Fife School District	\$279,892	\$228,704
Bethel School District	\$233,539	\$246,537
Franklin Pierce School District	\$219,429	\$125,000
Yelm School District	\$199,878	\$110,491

Sources: Bethel School District Capital Facilities Plan, 2016-2021; Dieringer School District Capital Facilities Plan, 2018-2023; Fife School District Capital Facilities Plan, 2017-2023; Franklin Pierce Schools Six-Year Capital Facilities Plan, 2017-2023; Orting School District Capital Facilities Plan, 2017-2022; Peninsula School District Six-Year Capital Facilities Plan, 2016-2022; Puyallup School District 2017-2022 Capital Facilities Plan; Steilacoom Historical School District Capital Facilities Plan; 2016-2022; Sumner School District Capital Facilities Plan, 2016-2021; Yelm Community Schools Capital Facilities Plan, July 2016; Community Attributes Inc., 2018.

The second variable is the districts capital levy or bond rate. Some districts do not currently have a capital levy or bond, while others receive this information from their budget and finance staff. Additionally, some districts rely on the Pierce County Assessor or their land use attorney to provide their overall capital levy/bond rate.

The third variable required for districts to calculate the tax payment credit is the net present value factor, which is calculated through a separate formula provided in the Pierce County code. This formula requires the districts bond rate and the number of years left on their bond issue, up to a maximum of ten years. Some districts have bond consultants that provide them with the information about their bonds. Other districts use the standard bond amortization tables or the bond buyer index, which provide them with the standard rates for a 20-year school construction bond.

In practice, most districts use the maximum ten years in the calculation of the net present value factor. Some districts have multiple bonds, expiring more than ten years into the future. Some districts while they don't disclose the number of years used in the net present value factor calculation appear to use more than the maximum ten years. Other district's bonds are expiring in fewer years than ten but continue to use the maximum allowable ten years.

Many districts must provide their CFP and impact fee calculations to multiple jurisdictions that collect impact fees within their service area. In some cases, the methodology for impact fee calculations differs slightly

between collecting jurisdictions. For example, King County’s school impact fee ordinance requires districts to use ten years until bond expiration and the current bond interest rate based on the Bond Buyer Twenty Bond General Obligation Bond Index. Those districts that submit their calculation to multiple jurisdictions must determine how to meet the requirements of all jurisdictions with one calculation or must generate multiple calculations.

Calculations and District Processes

Each district individually collects and analyzes the data required for their impact fee calculations. They then submit these calculations to the County for review. Most districts receive impact fees from multiple jurisdictions. Typically, the school district sends their capital facilities plan and impact fee calculations to each jurisdiction. Each jurisdiction has their own ordinance and process that governs how impact fee rates are set within their district.

The data used by each district does vary, including the costs for land acquisition and construction. However, the assessed value provided by the Pierce County Assessor shows that there are cost differences between each district (**Exhibit 6**). While the data used by each district varies, the biggest difference between the calculations for each district are the volume and types of projects included in their CFP (**Exhibit 7**). Some districts have aggressive capital facilities plan, while others have less aggressive plans. These seem to be highly influenced by the districts plans for a bond issue.

Exhibit 7. Total Capital Facilities Costs by District

	CFP Costs	CFP Year
Bethel School District	\$367,100,000	2016-2021
Puyallup School District	\$310,700,000	2017-2022
Sumner School District	\$194,300,000	2016-2021
Fife School District	\$127,090,000	2017-2023
Yelm School District	\$105,498,956	2016-2022
Franklin Pierce School District	\$78,549,841	2017-2023
Peninsula School District	\$67,942,000	2016-2022
Orting School District	\$45,539,946	2017-2022
Dieringer School District	\$30,289,000	2018-2023
Steilacoom Historical School District	\$15,045,008	2016-2022

Sources: Bethel School District Capital Facilities Plan, 2016-2021; Dieringer School District Capital Facilities Plan, 2018-2023; Fife School District Capital Facilities Plan, 2017-2023; Franklin Pierce Schools Six-Year Capital Facilities Plan, 2017-2023; Orting School District Capital Facilities Plan, 2017-2022; Peninsula School District Six-Year Capital Facilities Plan, 2016-2022; Puyallup School District 2017-2022 Capital Facilities Plan; Steilacoom Historical School District Capital Facilities Plan; 2016-2022; Sumner School District Capital Facilities Plan, 2016-2021; Yelm Community Schools Capital Facilities Plan, July 2016; Community Attributes Inc., 2018.

The number and cost of projects in the capital facilities plan can also change significantly from year-to-year, which is why the rates for an individual district can change greatly over time, and why the rates between districts can vary greatly as well. For example, Fife’s CFP for 2016-2022 lists a need for construction of elementary and middle schools totaling more than \$11.3 million. With the 2017-2023 CFP update Fife amended the CFP to include only the construction of a new high school, totaling \$69.8 million. In the case of Fife School District, however, the impact fee rate decreased despite an overall increase in cost because the high school construction is expected to serve significantly more students than the previous construction, resulting in a reduced per student cost used in the impact fee calculation (**Exhibit 8 and 9**).

Exhibit 8. Pierce County Single-Family Dwelling Unit School Impact Fee Rates by District, 2013-2018

School District	2013	2014	2015	2016	2017	2018
MFO	\$3,005	\$3,215	\$3,270	\$3,330	\$3,400	\$3,485
Puyallup School District	\$13,709	\$13,709	\$8,955	\$8,144	\$8,144	\$14,462
Bethel School District	\$11,429	\$11,429	\$16,511	\$10,608	\$13,797	\$13,797
Sumner School District	\$3,163	\$4,019	\$10,396	\$12,750	\$12,750	\$11,851
Orting School District	\$3,675	\$3,675	\$3,675	\$4,841	\$4,841	\$10,730
Franklin Pierce School District	\$10,032	\$10,032	\$10,032	\$10,032	\$10,032	\$10,032
Peninsula School District	\$3,341	\$4,954	\$4,061	\$5,296	\$5,296	\$8,061
Yelm School District	\$4,450	\$4,450	\$4,450	\$4,450	\$4,450	\$4,450
Stellacoom Historic School District	\$2,302	\$2,302	\$4,665	\$6,184	\$6,184	\$4,217
Dieringer School District	\$5,322	\$5,299	\$5,231	\$4,672	\$5,053	\$3,760
Fife School District	\$1,163	\$1,163	\$2,640	\$3,216	\$6,670	\$1,527
Carbonado School District	\$0	\$0	\$0	\$0	\$0	\$0
Eatonville School District	\$4,497	\$4,497	\$0	\$0	\$0	\$0
White River School District	\$0	\$0	\$0	\$0	\$0	\$0

Sources: Pierce County Ord. 2017-78 § 1, 2017; Pierce County Ord. 2016-79 § 1, 2016; Pierce County Ord. 2015-76s § 2, 2015; Pierce County Ord. 2014-100 § 1 (part), 2014; Community Attributes Inc., 2018.

**Exhibit 9. Pierce County Multifamily Dwelling Unit School Impact Fee Rates
by District, 2013-2018**

School District	2013	2014	2015	2016	2017	2018
MFO	\$1,585	\$1,695	\$1,725	\$1,755	\$1,795	\$1,840
Orting School District	\$52	\$52	\$52	\$163	\$163	\$11,611
Bethel School District	\$12,713	\$12,713	\$12,504	\$7,514	\$10,369	\$10,369
Peninsula School District	\$1,917	\$2,903	\$2,380	\$3,085	\$3,085	\$4,800
Franklin Pierce School District	\$4,530	\$4,530	\$4,530	\$4,530	\$4,530	\$4,530
Puyallup School District	\$4,395	\$4,395	\$2,839	\$2,202	\$2,202	\$4,233
Yelm School District	\$1,812	\$1,812	\$1,812	\$1,812	\$1,812	\$1,812
Sumner School District	\$0	\$830	\$4,500	\$4,302	\$4,302	\$1,772
Dieringer School District	\$0	\$1,766	\$1,839	\$1,518	\$1,759	\$1,081
Fife School District	\$0	\$0	\$5,664	\$6,875	\$1,772	\$290
Steilacoom Historic School District	\$0	\$0	\$532	\$0	\$0	\$0
Carbonado School District	\$0	\$0	\$0	\$0	\$0	\$0
Eatonville School District	\$2,404	\$2,404	\$0	\$0	\$0	\$0
White River School District	\$0	\$0	\$0	\$0	\$0	\$0

Sources: Pierce County Ord. 2017-78 § 1, 2017; Pierce County Ord. 2016-79 § 1, 2016; Pierce County Ord. 2015-76s § 2, 2015; Pierce County Ord. 2014-100 § 1 (part), 2014; Community Attributes Inc., 2018.

A thorough analysis of the CFP and impact fee calculations for each district reveals that districts are not consistent in demonstrating the link between the costs associated with capital projects and the cost estimates used in the impact fee calculations. Additionally, districts each have their own method for showing their expected costs and revenues within their capital facilities plans. Some districts have a detailed six-year plan, while others show a more simplified total cost and revenue for the six-year period. Additionally, there is not typically a consistent form of documentation linking capacity projects used in the impact fee calculations to the projects listed.

For example, the Fife School District provides a written description of each capital project on pages 14 and 15 of their 2017-2023 Capital Facilities Plan (CFP). Additionally, total projected by project are listed in Table 5 on page 16 of the CFP. Further details are included in the appendices. Appendix 8 shows the sources and uses of funds, separating project costs by capacity and non-capacity projects. Appendix 9 has a detailed budget by project and year for each of the projects. Lastly, the impact fee calculations are shown in Appendix 7 on page 19, which includes only capacity costs as listed in Appendix 8.

The Puyallup School District provides written descriptions for each project and property acquisition on pages 29, 30 and 34 of their 2017-2022 CFP. Tables 12, 13 and 14 break out existing and permanent capacity by year, for Elementary, Junior High and High school. The capacity additions shown in the table are accompanied by a list of the capital projects that contribute to the capacity increase. The District additionally shows detailed cost and

revenue projections by year and project in Table 17 on page 49. The impact fee calculations on shown in Table 16 on page 47. While the capacity increasing projects are well documented, it is difficult to explicitly determine which of these projects are include din the impact fee calculations.

The Peninsula School District is different from both Fife and Puyallup. Page 11 of their 2016-2022 CFP provides a written description of the capacity increasing projects in the plan, and further provides a footnote confirming that these are the projects included in the impact fee calculations. Table 9 on page 15 provides details on the total costs and income sources. The expenses in the table are broken out into several categories including construction costs for capacity projects, land acquisition, portables and improvements to existing facilities among others. The impact fee calculations are shown on pages 17 and 18. The documentation of the construction costs is clear throughout the document, but it is unclear why the projected costs for portables in the impact fee calculations is less than the projected costs in Table 9.

Each district has their own written documentation combined with tables within their CFP showing capacity projects. These methods vary in the specificity and detail on capacity compared to non-capacity costs and the costs that are included or excluded from the impact fee calculations.

There is also a lack of consistency in how the districts in Pierce County show their impact fee calculations. Each follow the formula set forth in county code, however, there are a variety of table formats used.

School District Feedback

Generally, school districts provided feedback that they like having a consistent methodology for all of the districts in the county. Some districts mentioned that the methodology is well tested, and they trust the methodology to determine defensible school district impact fees.

Districts also mentioned that allowing each district to calculate their own rates allows them to design their capital facilities plan to suit the specific needs of their community. One district mentioned that working with Pierce County is easy compared to some of the other districts that they have worked with.

Several districts mentioned that the 50% reduction seems arbitrary and reduces the impact fee rate to a point that the money collected is not enough to fund a full project. The formula makes temporary facilities equivalent to permanent facilities in the impact fee calculations. Districts commented that because they don't collect enough impact fees and often can't pass bonds they typically use collected impact fees to purchase and site temporary facilities.

This puts added pressure on the shared facilities that schools also provide such as gyms and cafeterias housed in their permanent facilities that are not being expanded to address the needs of growth.

Although districts provided feedback that they have faith in the methodology, they also noted that the calculations are cumbersome and are outside their area of expertise. Several school districts mentioned that it would be nice to have resources available with information on data sources, calculations and any other available resources. Many districts have experienced staff turnover, resulting in the loss of institutional knowledge critical to the impact fee calculations, making the impact fee calculations more difficult over time. Districts frequently mentioned that some staff training and resources would make the impact fee calculation process easier and more consistent between districts.

Another piece of feedback provided by districts is that the 50% discount and maximum fee obligation put more pressure on the existing residents to pay for the costs of growth. However, one district noted that they didn't think that rates higher than the maximum fee obligation would be feasible for the development community in their district.

SUMMARY AND CONCLUSIONS

Pierce County's impact fee program conforms with the rules and requirements set forth in state law. While the school district impact fee formula develops a fee that is proportionate to the impact of single-family and multifamily development, the application of the maximum fee obligation alters the proportion of contribution between single-family and multifamily dwelling units in districts, as the proportion is not the same across every district.

Pierce County's formula and program are generally similar to the programs used by King, Snohomish and Clark Counties. The key differences between the jurisdictions are the adjustment percentage used and the establishment of a maximum fee obligation. Snohomish and King County both use a 50% adjustment like Pierce County, while Clark County uses an 85% adjustment. Both Snohomish County and the City of Edgewood put maximum rate caps for school districts within their jurisdiction. King and Clark counties do not have maximum rate caps.

Generally, Pierce County school impact fee rates are lower than other regional jurisdictions as a result of the maximum fee obligation. Additionally, the rates set in Pierce County municipalities that have school impact fees also tend to be lower, as they typically conform to the methods used by Pierce County creating uniformity in rates across the school district. However, other

jurisdictions see significant variance in rates between jurisdictions similar to the calculated rates in Pierce County's districts.

The factor with the most impact on the variance in rates is the overall size of the capital facilities plan, including the type and number of projects that generate capacity. Some districts have very aggressive CFPs while others limit their CFP projects to the purchase and siting of temporary facilities.

School districts provided feedback that it would be helpful to have staff training and resources available to help them in their calculation of school impact fees. These resources can include data, formulas and methods that are used in the impact fee calculations.

It is often difficult to determine from the district's CFPs which projects generate capacity and are included in the impact fee calculations. It is also often challenging to confirm that the capacity cost estimates by project match the total costs included in the impact fee calculations match. Districts are also not consistent in the format they use to demonstrate their project costs and impact fee calculations.

APPENDIX A. SELECTED COUNTY METHODOLOGY COMPARISON

Category	County		
	Snohomish County	King County	Clark County
Interlocal Agreements	<p>30.66C.230 Reimbursement for county administrative costs, legal expenses, and refund payments. Snohomish County does not specify requirements for interlocal agreements for school impact fees in its code, but it does require school districts to reimburse the County for related administrative costs, legal expenses and refund payments. School districts must enter into agreements with the County to formalize the reimbursement process.</p>	<p>21A.43.040 Fee collection. Specifies that school impact fees are collected by the department of planning and environmental review and maintained in separate accounts by school district. The terms for how fees are passed on to school districts must be established in an interlocal agreement between each district and the County.</p>	<p>40.620.030 School Impact Fee - Capital Facilities Plan Specifies that Clark County will collect impact fees on behalf of any school district that completes the process of having its CFP approved and incorporated into the County's CFP, but an interlocal agreement is also required.</p>
Capital Facilities Plan	<p>Appendix F, Countywide Planning Policies Each Snohomish County school district planning to expand capacity must submit an updated CFP at least every two years. Review criteria for school district CFPs are listed in detail in Appendix F to the Snohomish County Comprehensive Plan. The following elements are required:</p> <ul style="list-style-type: none"> • At least six years of enrollment forecasts by grade span, including a description and justification of the forecast methodology • An inventory of existing facilities • A forecast of future facility and site needs • A financing program, with at least a six year planning horizon • All applicable support data, including descriptions and sources of data for all inputs to fee calculations <p>Appendix F also lists several plan performance criteria, including consistency with GMA and recommended sources.</p>	<p>21A.06.170 Capital facilities plan, school. School capital facilities plans consist of:</p> <ul style="list-style-type: none"> • A forecast of future facilities required to serve growth, • the district's long-range capital improvements projects, • facilities under construction, • proposed locations and capacities of new or expanded facilities, • a six year financing plan, • any other long-range projects, • the current capacity of the district's school facilities and a plan to address any deficiencies, and • an inventory with locations and capacities of all existing school facilities. 	<p>40.630.090 Interlocal Agreements Clark County specifically requires school districts to enter into an interlocal agreement before it will collect impact fees on the district's behalf. Required elements of any interlocal agreement include how CFPs will be submitted, fund administration, expenditure reports and risk allocation.</p> <p>40.620.030 School Impact Fee - Capital Facilities Plan Each district requesting impact fees must update their CFP every four years. The following elements are required:</p> <ul style="list-style-type: none"> • "Standard of service" indicating class sizes, facility types, etc required, as determined by the school district; • The district's current capacity over the next six years, based on the current inventory and standard of service; • A forecast of future facilities needs based on enrollment projections; • A financing plan of at least six years; • Fee calculations per unit for single-family and multifamily development. <p>The Planning Commission is responsible with reviewing each district's CFP. They must determine if:</p> <ul style="list-style-type: none"> • The enrollment forecast seems reasonable and reliable; • Whether anticipated funding levels seem reliable, given historic patterns; • Whether the standard of service is consistent with other districts that are comparable in socioeconomic terms; and • Whether the fee was calculated properly, following the County formula.
	<p>30.66C.020 School impact fee eligibility. All districts in the County are eligible to receive school impact fees once their CFP is adopted by the County Council. The district must provide evidence that it has petitioned every other jurisdiction served by the district to also establish school impact fees.</p>	<p>21A.28.152 Submission of district capital facilities plan and data. Each school district must submit its CFP for review by a committee every year. It must be consistent with GMA and include six years of enrollment projections, the district's standard of service, an inventory and evaluation of facilities required to meet the standard of service and the district's overall capacity over the next six years. If there is a deficiency in current facilities, the CFP must show how the district will address any deficiencies, including funding sources. If there is a gap in funding the reason must also be documented.</p>	
	<p>30.66C.055 District capital facilities plan and fee adoption. Each district's CFP must be adopted by the County into its plan. Once the County adopts a school district's CFP, its school impact fee schedule is considered adopted.</p>	<p>21A.28.154 School technical review committee. Describes the makeup and function of the committee that reviews each school district's CFP. This review is intended to ensure plans are consistent with GMA, the King County Comprehensive Plan, any applicable community plans, and the district's fee calculations and rationale.</p>	
	<p>30.66C.030 Expiration of district plans. 30.66C.035 Updating of district plans. Must be updated every two years Must be adopted and submitted to the County prior to expiration</p>	<p>21A.43.020 Impact fee program elements. Impact fees are imposed on behalf of any district which provides a capital facilities plan to the County. The CFP must be adopted by the County as part of its capital facilities element.</p>	

Category	Snohomish County	King County	Clark County
	<p>30.66C.040 Minimum requirements for district capital facilities plans. To be eligible for school impact fees, districts must submit capital facilities plans to the county pursuant to the procedure established by this chapter. District capital facilities plans shall contain data and analysis necessary and sufficient to meet the requirements of the GMA and Appendix F of the comprehensive plan. The plans must provide sufficient detail to allow computation of school impact fees according to the formula contained in SCC 30.66C.045. Additional elements may be contained within a school district capital facilities plan, provided that any such additional elements are consistent with those mandatory elements outlined in Appendix F.</p>		
Types of Improvements	<p>30.66C.130 Impact fee limitations. The code specifies that fees shall be used for system improvements, but does not explicitly define system improvements.</p>	<p>21A.43.090 Impact fee accounts and refunds. Impact fees may be expended for capital improvements consistent with the district's CFP, including school planning, land acquisition, site improvements, necessary off-site improvements, construction, engineering, architectural, permitting, financing and administrative expenses; relocatable facilities; capital equipment pertaining to school facilities; and other expenses which could be capitalized and are consistent with the CFP.</p>	<p>40.630.100 Expenditures Impact fees can only be spent on system improvements listed in the CFP.</p>
Growth Forecasts	<p>Appendix F, Snohomish County General Policy Plan Districts are required to supply at least a 6-year enrollment forecast by grade span, and describe with methodology and justification for its consistency with OFM forecasts.</p>	<p>21A.28.152 Submission of district capital facilities plan and data. 21A.28.154 School technical review committee. Every year, each school district must submit their enrollment projections for the next six years to the School Technical Review Committee for review. The Committee is charged with reviewing each district's fee calculations and rationale.</p>	<p>40.620.030 School Impact Fee - Capital Facilities Plan Each school district's CFP must include a forecast of future school facilities based on enrollment projections. The CFP must be updated every four years. When the planning commission reviews each CFP, it must determine whether the district's forecast appears "reasonable and reliable".</p>
Proportionate Share	<p>30.66C.130 Impact Fee limitations. Fees must not be greater than the proportionate share of system improvement costs related to the development.</p>	<p>21A.43.020 Impact fee program elements. Impact fees charged must be reasonably related to the development's impact and not exceed the development's proportionate share of system improvements costs.</p>	
Reductions of Impact Fee Amounts	<p>30.66C.150 Credit for in-kind contributions/existing lots. Developers may request fee credits in return for the value of land or improvements dedicated toward capital facilities.</p>	<p>21A.43.070 Adjustments, exceptions, and appeals. If a developer has entered into a voluntary agreement with the school district to pay fees, dedicate land or construct or improve school facilities, they may be exempt from school impact fees, unless the agreement states otherwise. The agreement must predate the effective date of a school district's fee implementing ordinance.</p>	<p>40.630.060 Impact Fee Credits Developers are eligible for impact fee credits if they dedicate land or provide accepted improvements related to system improvements for facilities identified in the CFP.</p>
Reasonably Related to Need	<p>Appendix F, Countywide Planning Policies Districts must produce a financing plan which clarifies which capital facilities projects add capacity and which do not. Projects which do not add capacity are generally not eligible for impact fee charges.</p>	<p>21A.43.020 Impact fee program elements. Imposed impact fees must be reasonable related to the impact caused by the development and not exceed its share of the cost of related system improvements.</p>	<p>40.630.030 Calculation of Impact Fees Specifies that school impact fees only apply to residential development, but not housing for seniors.</p>
Reasonably Related to Expenditures	<p>30.66C.210 Use of Funds. Impact fees can only be used for capital facilities that are reasonably related to the development charged and listed in the CFP.</p>	<p>21A.43.090 Impact fee accounts and refunds. Impact fees must be expended or encumbered within ten years of receipt, unless there is an extraordinary and compelling reason documented in writing and authorized by the County. The current owner of property may request a refund if fees charged on their property were not expended in this time period, within one year of the date they were eligible for a refund or notice is given, whichever is later.</p>	<p>40.630.100 Expenditures Impact fee funds can only be spent on system improvements listed in the CFP. Funds must be spent or encumbered within 6 years of receipt, unless there is an exceptional reason.</p>

Category	County		
	Snohomish County	King County	Clark County
Rates and Cost Recovery	<p>B30.66C.045 Impact fee calculation formula. There are three elements to the calculation for total costs required to serve new development: Site acquisition cost, school construction cost, and relocatable facilities (portables) cost. The calculation is done by grade level. Next, credits are made and removed from the total cost for the state match and future tax payments. Individual districts may add an additional credit to accommodate other funding sources specific to their districts.</p> <p>The actual fee charged per unit is half the amount calculated. In addition, Snohomish County set a maximum fee per unit of \$7,000 from January 1, 2017 to April 1, 2018.</p>	<p>21A.43.030 Fee calculations. King County's fee calculation is defined in Appendix A to Ordinance 11621. Each district must calculate separate fees for single family and multifamily development, with separate student generation rates for each. Fee calculations must be made on a district-wide basis.</p> <p>Ordinance 11621, Appendix A The unfunded need is a function of the full cost for site acquisition, full cost for school construction and full cost for relocatable facilities, less credits for state match and tax payments. Separate calculations are done for each grade span.</p> <p>The unfunded need is divided in half to determine the amount the developer is obligated to pay. The per unit value of any facilities or sites provided directly to the district by the development is deducted from the total payment obligation.</p>	<p>40.620.040 School Impact Fee Component Each district calculates its school impact fee by multiplying the facility cost per student attributable to new growth over the next six years per facility, and multiplying it by the student factor for different types of development. Next, the state match and tax credit are removed. This amount is then adjusted with a factor that estimates the "portion of the anticipated increase in the public share resulting from exempt residential development proratable to new residential development", currently 85%. Finally, the value of any improvements listed in a school district's CFP to be provided by the developer is deducted.</p>
Exemptions	<p>30.66C.110 Impact fee schedule - exemptions. The Snohomish County Council may grant exemptions to fees for affordable housing, under the conditions of state law. A covenant must then be placed on the property to ensure it stays in an affordable housing use.</p>	<p>21A.43.070 Adjustments, exceptions, and appeals. King County does not charge the following development activities with school impact fees: Senior housing; renovations that do not result in net new dwelling units; transitional housing and shelters; any development exempt under RCW 82.02.100; activities which have been mitigated as a condition of a plat PUD, or UPD approval; developments for which a voluntary agreement has been established with a school district to pay fees, dedicate land or construct facilities; mobile homes; or accessory dwelling units.</p> <p>21A.43.080 Exemption or reduction for low or moderate income housing. Low or moderate income housing projects built by public or nonprofit developers are exempt from school impact fees. The total not collected from these developers must be paid from other public funds. Private developers dedicating units for low or moderate income households may apply for school impact fee reductions following the same criteria that apply to public and nonprofit housing developments.</p> <p>A covenant or other binding legal provision that runs with the land must restrict the units to be affordable for 10 years, or 15 years if built by a private developer. If this is violated the owner at the time of violation must pay the exempt impact fees.</p>	<p>40.620.030 School Impact Fee - Capital Facilities Plan If a district lacks sufficient information to calculate a multifamily student generation rate, a county average can be used. Mobile homes and duplexes are considered single family dwellings.</p> <p>40.630.030 Calculations of Impact Fee Housing for seniors, whether "by design or restrictive covenant", is exempt from school impact fees.</p>

Category	County		
	Snohomish County	King County	Clark County
Developer Options	<p>30.66C.300 Administrative adjustment of fee amount. Developers may submit an appeal for an adjustment or elimination of impact fees within 14 days of a permit application.</p>	<p>21A.43.070 Adjustments, exceptions, and appeals. A developer may provide studies and data to show that the district may not have calculated their fee properly, though the district's data will be presumed valid unless clearly shown otherwise by the developer. The County may adjust impact fees at their discretion if either the developer demonstrates the fee was calculated incorrectly, or unusual circumstances identified by the developer show that the standard fee would be unfair or unjust in their case.</p> <p>Any appeal of an impact fee must follow the appeal process of the underlying permit. Developers may pay impact fees under protest when the appeal is filed in order to obtain a permit.</p>	<p>40.630.030 Calculation of Impact Fee The developer can apply to have the fee reduced or eliminated, provided they show studies and data to indicate that either (1) the formula does not accurately reflect the development's impact on schools; (2) there are unusual circumstances that make the school facility improvements either not beneficial or related to the development; or (3) the development implements a development approval for which public facilities were dedicated prior to 1984, which benefit the community at large.</p> <p>Before making a permit application, a developer may request an impact fee determination, which will be binding upon the county for one year, unless the development, CFP, or this chapter has a material change.</p>
Accounting Requirements	<p>30.66C.210 Use of Funds. All interest earned on impact fees must be kept in the same account and expended for the same purpose for which the fees were charged. Each district must prepare an annual report showing the fees received and capital facilities financed with the fees.</p>	<p>21A.43.090 Impact fee accounts and refunds. All impact fees received must be kept in special, separate interest-bearing accounts. All interest must be expended for the same purpose as the funds gathered which bore the interest. The County must provide a report on each impact fee account.</p>	<p>40.630.080 Impact Fee Fund The County has established a special fund to hold impact fees, with separate accounts within the fund segregating impact fees by type of facility and service area. All interest is also segregated by facility type and service area. Every April, a report is prepared showing the source and amount of moneys collected, earned or received and the improvements financed.</p>

APPENDIX B. SELECTED CITY METHODOLOGY COMPARISON

Category	City		
	Edgewood	Auburn	Fife
Interlocal Agreements	<p>4.10.040 Interlocal agreement between the city and districts Districts must enter into interlocal agreements with the City for the City to gather impact fees on their behalf.</p>	<p>19.02.040 Interlocal Agreement between the city and district Auburn requires school districts to enter into an interlocal agreement before it will collect school impact fees. The agreements establish that the districts are responsible for any legal liabilities related to school impact fees.</p>	<p><i>Not mentioned.</i></p>
Capital Facilities Plan	<p>4.10.020 Definitions Each district's CFP consists of future needs based on enrollment projections, additional demands placed on facilities by new development, a list of long-range capital projects, current construction projects, the locations and capacities of expanded or new facilities, an inventory of all existing facilities, a six year financing plan, an assessment of current deficiencies and how they will be fixed, and any other projects.</p> <p>4.10.080 Impact fee program elements Impact fees must be based on the district's CFP, which must be approved by the school board and adopted by the city.</p>	<p>19.02.020 Definitions Each district's CFP consists of future needs based on enrollment projections, additional demands placed on facilities by new development, a list of long-range capital projects, current construction projects, the locations and capacities of expanded or new facilities, an inventory of all existing facilities, a six year financing plan, an assessment of current deficiencies and how they will be addressed, and any other projects.</p> <p>19.02.050 Submission of district capital facilities plan and data Every district charging impact fees must submit its adopted CFP to the City Council for approval every year.</p> <p>The CFP must identify alternate funding sources in addition to impact fees to address any deficiencies in school facilities.</p>	<p><i>The code only references the City's CFP, and does not reference any process for incorporating school districts' CFPs.</i></p>
Types of Improvements	<p><i>The code references "system improvements" in several places, but does not explicitly say that the only eligible uses of impact fee funds are for system improvements, or how they are defined.</i></p>	<p>19.02.030 Determination of the amount of the impact fees Impact fees cannot exceed the development's share of the cost of related system improvements.</p>	<p>20.10.020 Definitions States that impact fees are to be used for public facilities needed to serve new growth and development, including school facilities. Also states that project improvements which are designed to serve a specific development, and are not considered system improvements, are not to be included in the CFP. System improvements are included in the CFP and provide service to service areas within the community at large.</p>
Growth Forecasts	<p>4.10.020 Definitions Each district's CFP must include a forecast of future needs for facilities based on its enrollment projections.</p> <p>4.10.060 Submission of each district's capital facilities plan and data Every year, each district must submit its enrollment projections for the next six years, its current enrollment, and projected vs actual enrollment from the previous year to the City Council.</p>	<p>19.02.050 Submission of district capital facilities plan and data Every year, each district must submit its enrollment projections for the next six years, its current enrollment, and projected vs actual enrollment from the previous year to the City Council.</p>	<p><i>Not mentioned.</i></p>
Proportionate Share	<p>4.10.080 Impact fee program elements Impact fees charged must not exceed the proportionate share of system improvement costs that are reasonably related to the development</p>	<p>19.02.030 Determination of the amount of the impact fees Impact fees charged must not exceed the proportionate share of system improvement costs that are reasonably related to the development.</p>	<p>20.10.020 Definitions Impact fees must represent a proportionate share of the cost of public facilities benefiting the new development.</p>

Category	City		
	Edgewood	Auburn	Fife
Reductions of Impact Fee Amounts	<p>4.10.120 Determination of the fee, adjustments, exceptions and appeals Developers that provide a school facility acceptable to the district receive a credit to their school impact fees for the cost of providing the facility.</p> <p>The standard fee may be adjusted if the developer shows that either the calculation was not done correctly or there are unusual circumstances making the standard fee calculation unfair.</p>	<p>19.02.030 Determination of the amount of the impact fees Districts have to take any future revenues they will receive from the new development into account in determining impact fees. Credit must be given for any facilities or sites that the developer provides for the school district and which the district approves as meeting a CFP-established need.</p> <p>19.02.090 Adjustments, exceptions and appeals If a development is approved subject to a requirement to provide a school site or facility approved by the school district, the developer receives a credit against the school impact fee they would have been charged.</p>	<p>20.10.080 Calculation of impact fee Impact fees can be reduced or eliminated if the developer provides supporting studies and data to show that either the formula does not accurately reflect the development's impact, or there are unusual circumstances.</p> <p>20.10.100 Impact fee credits If required as a condition for approval of the development, developers are entitled to a credit for the value of any land or improvements they provide towards a district-approved development included in the CFP. The land or improvements must be located within the same service area as the development.</p>
Reasonably Related to Need	<p>4.10.080 Impact fee program elements Impact fees charged must be reasonably related to the impact caused by the development.</p>	<p>19.02.030 Determination of the amount of the impact fees Impact fees charged must be reasonably related to the impact caused by the development.</p>	<p>20.10.020 Definitions Impact fees must be reasonably related to the additional demand to public facilities generated by the new development.</p>
Reasonably Related to Expenditures	<p>4.10.130 (B) Impact fee accounts and refunds Impact fees gathered for system improvements can only be expended by school districts on projects included in their CFP.</p>	<p>19.02.100 Impact fee accounts and refunds Impact fees can only be expended by school districts on projects included in their CFP.</p>	<p>20.10.130 Expenditures Impact fees gathered for system improvements can only be expended on projects included in the CFP. Fees must be expended within 10 years of receipt, unless an extraordinary and compelling reason exists and is identified.</p>
Rates and Cost Recovery	<p>4.10.090 Fee calculations Edgewood's fee schedule is determined by the rates set in each district's CFP, and the code does not outline a specific fee formula for the districts to follow. The code does specify that separate fees must be calculated for single-family and multifamily units, with separate student generation rates for each. Mobile homes are considered single-family units and accessory dwelling units and duplexes are considered multifamily.</p>	<p>19.02.030 Determination of the amount of the impact fees School districts set the amount of their own fees, based on "what other jurisdictions have used", and the City approves them provided their methods address the terms and concepts outlined in this section of the code. The code does specify that separate fees must be calculated for single-family and multifamily units, with separate student generation rates for each. Mobile homes are considered single-family units and townhouses and duplexes are considered multifamily.</p> <p>19.02.110 Impact fee formula The code defines a formula for impact fees based on the following variables: the full cost of site acquisition, full cost of school construction, full cost of temporary facilities, a state match credit, tax payment credit and facilities credit. The total unfunded need is cut in half to determine the fee calculation.</p>	<p>20.15.010 Imposed The code simply lists the amounts charged per single family and multifamily unit located in the Fife School District and Puyallup School District. (There are separate fees charged in the two districts.) There is no indication of how the fees were calculated. (2.10.080 mentions that impact fee formulas are to be adopted by ordinance of the City Council)</p> <p>20.15.020 Payment required prior to permit issuance Impact fees are to be paid directly to the school districts, and then developers must show proof of payment to the City before permits are issued/approved.</p>

Category	City		
	Edgewood	Auburn	Fife
Exemptions	<p>4.10.030 Exemptions The following types of development are exempt from school impact fees:</p> <ul style="list-style-type: none"> • Temporary housing, transitional housing, and housing restricted for seniors • Units that are rebuilt within a year of demolition or destruction without adding additional units • Converting an apartment to a condominium • Any development which is already mitigating its impacts under SEPA • Any development which has already made an agreement with the district to mitigate school impacts, whether by fee, land contribution, or construction <p>4.10.050 Exemptions - Low-income or moderate-income housing The following types of affordable housing serving low or moderate-income households are exempt from school impact fees:</p> <ul style="list-style-type: none"> • Those built by public housing authorities or private nonprofit developers • Developments with rents or purchase price set through HUD agreement to be dedicated to low- or moderate-income households <p>These exemptions are covered by other public funds, but if there are more exemptions granted than funds available, exemptions requested later will not be granted.</p>	<p>19.02.080 Exemptions The following types of development are exempt from school impact fees:</p> <ul style="list-style-type: none"> • Housing restricted for seniors • Units that are rebuilt within a year of demolition or destruction without adding additional units • Converting an apartment to a condominium • Any development which is already mitigating its impacts under SEPA • Any development which has already made an agreement with the district to mitigate school impacts, whether by fee, land contribution, or construction 	<p>20.10.090 Impact fee exemptions City-owned or operated developments are exempt from impact fees, but the value of their fees must be covered with public funds.</p>
Developer Options	<p>4.10.120 Determination of the fee, adjustments, exceptions and appeals Developers can make arrangements to pay a fee later, if it will not be needed until then, provided it gives sufficient security to the district.</p> <p>Developers can provide data and studies to show that any particular factor was not appropriately applied in the fee calculation for their development. They may pay fees under protest to receive a permit while undergoing the appeals process.</p>	<p>19.02.090 Adjustments, exceptions and appeals Developers can provide data and studies to show that any particular factor was not appropriately applied in the fee calculation for their development. They may pay fees under protest to receive a permit while undergoing the appeals process. The planning director's decision is given "substantial weight" and the burden of proof lies on the developer.</p>	<p>20.10.110 Appeals Developers can request an appeal of their impact fees within 10 days of the fee decision.</p>
Accounting Requirements	<p>4.10.130 Impact fee accounts and refunds Impact fees must be kept in separate interest-bearing accounts restricted solely for the purpose for which they were gathered. All interest accrued must also go towards relevant expenditures. Each district must report to the City Council on the sources and uses of impact fee expenditures.</p> <p>Impact fee dollars must be expended or encumbered within 10 years of receipt, unless compelling or extraordinary circumstances require otherwise.</p>	<p>19.02.100 Impact fee accounts and refunds Impact fees must be kept in separate interest-bearing accounts restricted solely for the purpose for which they were gathered. All interest accrued must also go towards relevant expenditures. Each district must report to the City Council on the sources and uses of impact fee expenditures.</p> <p>Impact fee dollars must be expended or encumbered within 6 years of receipt, unless compelling or extraordinary circumstances require otherwise.</p>	<p>20.10.120 Impact mitigation fee fund The city has separate funds for each type of impact fee, and all interest is accrued to the same separate accounts and expended for the same purpose. The treasurer provides a report every April on activity in the impact fee accounts over the previous year.</p>