

Getting Growth to Pay for Growth

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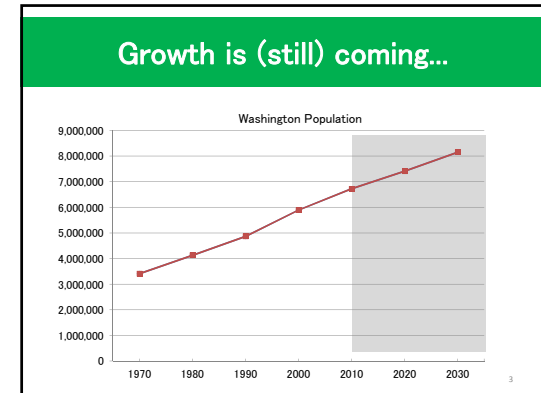
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Getting Growth to Pay for Growth

- Context and use
- Definition and types
- How to calculate legal, defensible fees
- Examples
- Lessons Learned and Q&A

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Growth is (still) coming...

- Through 2030, growth is expected across most of Washington (36 of 39 counties)
- Medium growth projection for ~1.2 million additional residents

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Growth is (still) coming...

Do you have the public and government facilities to serve those new residents? How will your city pay for them?



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Impact Fees in the U.S.

- Used to varying degrees, depending on each state's laws; heavily used in California
- Allowed to varying degrees in many other states, but often with a maximum fee limit
- Some jurisdictions in other states have reduced or repealed fees in recent years, particularly in response to the housing crisis and political pressure

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Impact Fees in WA

- Commonly found in small and mid-size WA cities (not used in Seattle or Tacoma)
- Median total impact fee of ~\$4,100 for a single family home (sample of 63 Washington cities)
- Highest impact fees typically found in affluent suburban communities

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Impact Fee Definition

One time payment...
 ... by new development ...
 ... for capital costs of facilities ...
 ... needed by new development.

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Impact Fees

Reasons governments charge impact fees:

- Policy: Growth pays a portion of costs so taxpayers don't pay the whole cost
- Quality of life: Public facilities keep up with growth
- Revenue: For needed public facilities

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Impact Fees

Alternatives to impact fees

1. **Raise taxes**
 = growth pays less, taxpayers pay more
2. **Reduce level of service**
 = less infrastructure, quality of life reduced

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So?

Every planner knows that under the Growth Management Act cities and counties can charge impact fees for transportation, parks/open spaces, fire protection and schools.

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Yes. But did you know that...

Cities and counties can also collect fees to address city halls, public works yards, and police facilities?




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High Detail \$\$\$

- Detailed facility and building requirements
- Floor plans
- Finish and equipment lists
- Probable construction costs



Existing Conditions

- How many staff and how much space do you currently have?
- What land assets are available?
- What are the existing issues, opportunities, and constraints?



Existing Conditions



Typical Issues – City Halls



Typical Issues – Police Dept.



Typical Issues – Public Works



Typical Issues – Lessons Learned

- Consolidate departments to create cohesion
- Carefully consider public interface and security
- Include multi-purpose room to accommodate council chambers/court and community room
- Be careful with art
- Think beyond the grand entry
- Pay attention to systems details

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Comparable Cities Analysis

- Identify cities with similar location, population, income, etc.
- Select city or cities to serve as operational models that show how many staff are likely needed



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Comparable Cities Analysis



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Facility Program

- Project the personnel levels needed to serve the new development
- Take into account non-linear relationships between population and staffing (e.g. double the population doesn't always double staff)

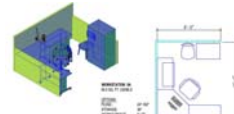
Personnel Projections		
	FTES to Serve Existing Population	FTES to Serve 19,300 Residents
City Hall	19.1	55.0
Police	10.0	36.0
Public Works shop	4.0	35.0
	33.1	126.0



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Facility Program

- Use the comparable cities analysis and industry guidelines to establish basic space standards (i.e. modules) for:
 - Staff work areas (e.g. offices, work stations, etc.)
 - Common spaces (e.g. conference, storage, etc.)
 - Machinery and equipment storage
 - Parking



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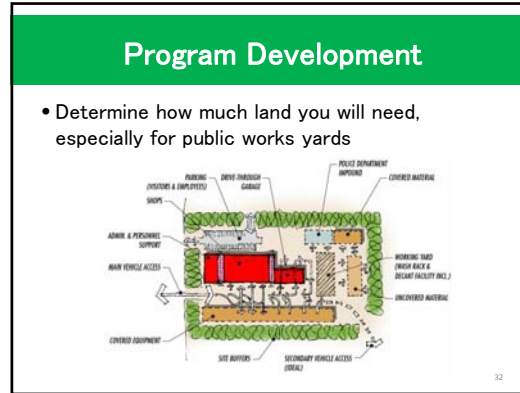
Facility Program

- Use the expected staffing levels and operational needs to determine how much total space of each type is needed

Executive and City Administration	Space/Use Required			Standard (NSF)	Area Required		
	Current (2013)	10-year	20-year		Current	10-year	20-year
Personnel							
Mayor	1	1	1	@ 220	= 220	220	220
City Administrator	1	1	1	@ 220	= 220	220	220
City Attorney	1	1	1	@ 180	= 180	180	180
HR Manager	0	0.5	1	@ 180	= 0	90	180
Asst. City Administrator/City Clerk	1	1	1	@ 100	= 100	100	100
Deputy City Clerk/Records Info							
Specialist	1	1	1	@ 80	= 80	80	80
Admin. Specialist II	1	1	2	@ 80	= 80	80	160
IS Manager	1	1	1	@ 80	= 80	80	80
Executive Assistant	0	0.5	1	@ 80	= 0	80	80
IT Technician	0	0.5	1	@ 64	= 0	32	64
Personnel Subtotal (NSF)	7	8.5	11		960	1,162	1,364

Facility Program

Admin. & Police Departments	Current	10-year	20-year
Executive & Administration	1,662	1,983	2,256
Finance	832	1,432	1,648
Community Development	861	1,616	1,832
Public Works Admin	1,162	1,929	2,259
Parks & Recreation	197	826	934
Municipal Court	717	1,127	1,268
Common Areas	5,549	10,760	11,819
Police Department	5,035	12,151	14,777
City Hall Bldg. Total (GSF)	16,016	31,825	36,793
City Hall Bldg. Footprint (66% GSF)	10,570	21,004	24,283
Parking Area (SF)	15,527	29,891	41,636
Landscape Areas/Buffers (35% (SF)	9,134	17,813	23,072
City Hall Site Area Total (SF)	35,231	68,708	88,990
City Hall Site Area Total (Rounded Acres)			2.00



Program Development

- Evaluate whether existing land is available to accommodate the newly required government facilities
- May require identification of hypothetical sites and estimation of their value

Cost Estimates

- Consult with a cost estimator to obtain per-square-foot costs
- Be sure to take into consideration land acquisition, LEED construction requirements, and other costs

Mukilteo City Hall
ARC Architects

Fee Calculation

- Convert the cost of the required government facilities to a fee that will be assessed on new development
- Ensure the method used adheres to any development agreement language between the jurisdiction and the developer

Fee Calculation

- Add existing square footage in the jurisdiction to the proposed development
- Determine ratio of total cost to total development (new and existing)

	Housing	Commercial
Existing	3,145,000 SF	250,000 SF
New	13,674,750 SF	1,160,000 SF
Subtotal	16,819,750 SF	1,410,000 SF
Total Development	17,217,303 SF	

Calculate the cost per square foot for government facilities

Government Facilities Cost (per Plan) = \$ 47,653,989

Total Development (from above) = 17,217,303 SF

Proposed Mitigation Fee of \$2.77 per Square Foot of Development

Fee Calculation

- Apply the per square foot cost to the new development. For example:

Average new single family home = 2,095 SF

2,095 SF x \$2.77 = \$5,803.15 mitigation per new single family home

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General Govt Mitigation Fee - Issaquah

Building Value \$27,548,992	÷	SF 123,454	=	Cost/SF 0.00230
Cost/SF \$223	X	SF/DU 9.63	=	Cost/DU \$2,148
Cost/DU \$2,148	-	Bond Credit/DU \$463	=	Mitigation Fee \$1,685

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General Govt Mitigation Fee - Sequim

Exist Govt Bldg SF 17,800	÷	All Bldg SF 7,745,723	=	L.O.S. Ratio 0.00230
L.O.S. Ratio 0.00230	X	Avg DU SF 1,545	=	SF/DU 3.55
City Hall Cost \$9,975,000	÷	SF 24,000	=	Cost/SF \$415.63
SF/DU 3.55	X	Cost/SF \$415.63	=	Mitigation Fee \$1,475

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Lessons Learned

- Methodology is critical
- Document your process and be prepared to defend it
- Work closely with decision-makers (staff, council, city attorney) throughout the process

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Q & A

- Do you see opportunities to implement mitigation fees in your jurisdictions?
- What major road blocks or opposition would you expect to confront?



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