



## Staff Report

January 21, 2025 Council Workshop Meeting

Revisions to CMC 3.88 Pertaining to Impact Fees

Presenter: Steve Wall, Public Works Director

Time Estimate: 10 minutes

Phone	Email
360.817.7899	swall@cityofcamas.us

**BACKGROUND:** Staff presented proposed edits to CMC Chapter 3.88 at the November 18, 2024 Council Workshop. At the conclusion of the staff presentation, the City Council had questions relating to impact fees, but not necessarily directly related to the proposed Code revisions. Staff is bringing this item back to answer further questions from Council as needed. Below is a brief summary of outstanding questions from the November 18<sup>th</sup> Workshop.

- What is the overall intent of impact fees?
  - Impact fees are one-time charges assessed by a local government against a new development project to help pay for new or expanded public capital facilities that will directly address the increased demand for services created by that development.
- Infill projects and even new development have impacts on the existing systems. Who's paying for those impacts, or how can the City recoup costs associated with those impacts?
  - Correct, infill and new development projects can have an impact on existing systems (e.g. roads, water, sewer, parks). However, if the existing systems already have Capacity and are not shown through data driven analysis to be significantly impacted by new development, the City can not exact payments or improvement from the new development.
  - In Washington State, impacts and improvements to existing systems are generally born by taxes (rates for utilities). In some instances, impact fees may be used to support reconstruction of an existing facility; however, collection of impact fees are only based on the portion of the upgraded facility that serves new development, or adds capacity.
- Why would the City allow an extension from 6 to 10 years for developers to use Impact Fee Credits?
  - The State Legislature made changes to RCW 82.02.070 a number of years ago loosening the timeline requirement for cities to use impact fees from 6 years to 10 years from the date of collection. Allowing developers the same timeline to expend credits was deemed to be a fair and equitable practice. That said, most developers

want to use credits as soon as they become available as it reduces their cost of development.

**SUMMARY:** Chapter 3.88 of the Camas Municipal Code (CMC) pertains to the collection of Impact Fees on new development, including the issuance of credits to developers for construction of particular capital improvements. Chapter 3.88 has been modified over time consistent with applicable State law.

As the City Council is aware, updates to the Fire and Parks/Open Space Impact Fees have been adopted via Ordinance in the last couple years and staff is anticipating bringing forth a proposal for adoption of new Traffic Impact Fees in the near future. With updates occurring to the Fees, staff has also been tracking minor updates and clean-up of CMC Chapter 3.88. Attached for Council's reference are a draft Ordinance with proposed revisions to Chapter 3.88, and an Underline/Strikeout version of Chapter 3.88 showing proposed additions and deletions.

Revisions to Chapter 3.88 are summarized immediately below for reference:

- Multiple Department Heads oversee implementation of Impact Fees. The generic definition of a "Director" has been added for clarity.
- Allowing the prepayment of impact fees has been considered an incentive to developers in the past. However, there are not currently provisions putting any limitations on how long the City will hold the prepayment on behalf of the developer. There is an administrative burden of holding funds on behalf of others.
- The specific formulas regarding calculations of impact fees can change over time. However, the basis for the calculations generally remains the same. Section 3.88.060 through 3.88.100 have been modified to reference the general basis for the calculations instead of a specific formula.
- The code sections regarding Exemptions to payment of impact fees and the ability to submit an independent fee calculation have been updated consistent with State law and best practices.
- The process for issuance of impact fee credits has been updated to meet current practice and include an expiration of 10 years for the use of any credits issued. This is consistent with the State law that requires the City to use or obligate impact fees within 10 years of receiving them.
- The Appeals and Refund sections have been updated to meet current and best practices.

**BENEFITS TO THE COMMUNITY:** The proposed changes to CMC Chapter 3.88 simplifies the language and ensures the collection of impact fees and issuance of impact fee credits are consistent with State statutes and best practices.

**BUDGET IMPACT:** There is no direct budget impact resulting from the proposed changes to CMC Chapter 3.88.

**RECOMMENDATION:** Staff recommends placing an Ordinance on the February 3, 2025 Regular Meeting Agenda for the City Council to consider amending Chapter 3.88 of the Camas Municipal Code.