



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6093
June 7, 2022
Consent Agenda**

AGENDA BILL INFORMATION

TITLE:	AB 6093: Parks Impact Fee Rate Update (Ord. No. 22C-07 Second Reading)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve the Parks Impact Fee Rate Study and adopt Ordinance No. 22C-07.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Interim Director Alison Van Gorp, Deputy Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 22C-07 2. Draft Parks Impact Fee Rate Study
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to adopt a code amendment to MICC 19.18.100 to update the process for adopting new parks impact fee rates and to approve the updated Parks Impact Fee Rate Study and proposed new parks impact fee rates.

- The Planning Commission has recommended the draft code amendment included in Ordinance No. 22C-07 (Exhibit 1) to allow the City to adopt parks impact fee rate studies by reference, without having to further amend the development code.
- A consultant has prepared a Parks Impact Fee Rate Study analyzing the City’s capital project list and calculating recommended updates to the impact fee rates (Exhibit 2).
- If approved, the park impact fees will be increased as detailed below. These changes will take effect as a part of the annual development and construction fee schedule update on January 1, 2023.

BACKGROUND

The proposed code amendment was brought forward by the City as a part of the annual docket process in the fall of 2020. The City Council added these proposals to the final docket and the CPD work program with the approval of [Resolution No. 1594](#) on December 1, 2020. The proposal was assigned file number ZTR21-008. The City also included resources in the 2020-2021 biennial budget to support consultant services to update the parks impact fee rate study.

The Planning Commission first discussed and gave initial feedback regarding ZTR21-008 on March 23, 2022. Staff prepared a draft code amendment based on the initial feedback for the Planning Commission to consider after holding a public hearing. A State Environmental Policy Act (SEPA) determination of non-significance was issued on March 21, 2022, and the project was assigned SEPA register file number 202201240. The SEPA determination comment period was open from March 23 to April 4, 2022; no comments were received. The WA Department of Commerce was notified of the intent to adopt development code amendments on March 21, 2022. Notice of the Planning Commission public hearing was published in the *Mercer Island Reporter* on March 23, 2022, and in the CPD Weekly Permit Bulletin on March 21, 2022. The Planning Commission held a public hearing regarding ZTR21-008 on April 27, 2022.

The City Council held the first reading of Ordinance No. 22C-07 and reviewed the draft Parks Impact Fee Rate Study on May 17, 2022. The City Council scheduled a second reading and review of the final rate study for June 7, 2022.

ISSUE/DISCUSSION

Draft Parks Impact Fee Rate Study

The City contracted with BERK Consultants to conduct an updated parks impact fee rate study. The consultants have prepared a Parks Impact Fee Rate Study analyzing the City's capital project list and calculating recommended updates to the impact fee rates (Exhibit 2).

The impact fee rate study looks at the planned capital improvements that are needed to add capacity to accommodate projected new development. Development-related improvements are capital projects that add capacity that is intended to serve the needs generated by new development. For example, in areas where new development capacity is planned, improvements such as expanded park playgrounds or larger restrooms might be needed to serve the new residents generated by the future development. The total cost of development-related improvements is pro-rated for each new residential development that is projected over the planning period. The impact fees charged for each unit of new development would then pay for a proportional share of the cost of the needed improvements.

The project list included in the updated rate study was developed in close partnership between the consultants and the City's Parks and Public Works staff. Capital project lists included in the Parks Recreation and Open Space Plan (PROS Plan) were reviewed for inclusion in the rate study based on eligibility criteria in state law. Staff used their professional judgement and knowledge of the planned projects to identify the projects (or portions of projects) that are development-related improvements. In addition, the consultant team worked closely with CPD staff to understand the City's housing and employment growth targets and the areas in the city where development capacity exists, and future development is likely to occur.

The rate study includes the list of eligible projects and the total estimated cost to construct the eligible projects. The recommended impact fees are calculated by dividing the total project cost by the projected growth in park users generated by new development. Based on City Council direction at the May 17, 2022 meeting, the final rate study has been revised to include only residential park impact fees and does not include commercial fees.

Recommended Impact Fee Rates

The updated rate study prepared by the consultant recommends the parks impact fee rates shown in the table below. The proposed increase in rates is in indirect proportion to planned projects in the PROS Plan that will serve park users generated by new development, as described above.

Single Family (per dwelling unit)		Multi-family (per dwelling unit)	
Current	Proposed	Current	Proposed
\$2,600.31	\$6,073	\$1,671.59	\$3,782

Planning Commission Recommended Code Amendments

The draft code amendments shown in Ordinance No. 22C-07 will amend the parks impact fee update requirements in MICC 19.18.100. The proposed code amendments enable the impact fee rates to be updated periodically without the need for further code amendments in the future (Exhibit 1). Instead, once a rate study is approved by City Council, the new rates will be adopted as part of the annual development and construction fee schedule update.

NEXT STEPS

Once approved, the new parks impact fee rates will be adopted as a part of the annual development and construction fee schedule update planned for the November-December 2022 timeframe and will take effect on January 1, 2023. Adoption of the Ordinance No. 22C-07 will allow the City to adopt new impact fee rates based on future rate studies through the annual development and construction fee schedule update, without the need for additional code amendments.

RECOMMENDED ACTION

Approve the Parks Impact Fee Rate Study and adopt Ordinance No. 22C-07 amending the process for updating parks impact fees.