



Planning & Development Services

1800 Continental Place ▪ Mount Vernon, Washington 98273
office 360-416-1320 ▪ pds@co.skagit.wa.us ▪ www.skagitcounty.net/planning

Staff Report

From: Jenn Rogers, Long Range Planner
Re: 2023 Impact Fee Schedule Update
Date: February 16, 2023

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Summary

Planning and Development Services (PDS) is providing this staff report in advance of the February 23rd, 2023, Board of County Commissioners work session.

Skagit County Code (SCC) 14.04.020 states an impact fee is “a payment of money imposed by Skagit County on development activity pursuant to this Title as a condition of granting development approval and/or a building permit in order to pay for the public facilities needed to serve new growth and development. Impact fee does not include a reasonable permit fee, an application fee, the administrative fee for collecting and handling impact fees, the cost of reviewing independent fee calculations, or the administrative fee required for an appeal pursuant to SCC 14.30.070.” Skagit County has interlocal agreements with jurisdictions throughout the county to collect impact fees. Per SCC 14.30.030, the County can collect impact fees on behalf of any district (including for a city or town within their municipal UGAs) only if that district’s capital facilities plan is incorporated by reference into the County’s capital facilities plan. The County will stop collecting impact fees at the end of the last year of the district’s latest capital facilities plan incorporated by reference into the County’s capital facilities plan.

Each jurisdiction under an interlocal agreement with Skagit County is responsible for updating its capital facilities plan (CFP) and impact fee schedule. The following jurisdictions have provided the County with updated CFPs and impact fee rates:

- City of Mount Vernon
- Mount Vernon School District
- City of Sedro-Woolley

The updated Mount Vernon School District CFP was included by reference in the Skagit County CFP during the annual update process in 2022. The updated impact fee schedules for the City of Mount Vernon and City of Sedro-Woolley will be included in the 2023 Capital Facilities Plan update. The Skagit County [2023-2028 CFP](#) was adopted by the Board of County Commissioners on December 12, 2022.

Background

Impact fees are authorized by [RCW 82.02.050](#) to be collected by jurisdictions to prepare for future growth and facility needs. Counties and cities are responsible for regularly updating its capital facilities plan to identify facility deficiencies and establish a plan for new and ongoing capital projects.

Impact fees are calculated according to [RCW 82.02.060](#) and must include the following:

- The cost of public facilities necessitated by new development;
- An adjustment to the cost of the public facilities for past or future payments made or reasonably anticipated to be made by new development to pay for particular system improvements in the form of user fees, debt service payments, taxes, or other payments earmarked for or prorateable to the particular system improvement;
- The availability of other means of funding public facility improvements
- The cost of existing public facilities improvements; and
- The methods by which public facilities improvements were financed

Interlocal agreements for the collection of impact fees require jurisdictions to provide annual updates on how impact fees have been calculated and allocated each year. The partner jurisdiction must use impact fee funds received through the County as impact fees, consistent with RCW 82.02 and SCC 14.30.

Analysis

Planning and Development Services has drafted these changes to reflect the updated impact fee rates from partner jurisdictions in Skagit County. The updated capital facilities plans and fee schedules from these jurisdictions were voted upon by the appropriate governing body and went through a public comment process. The City of Sedro-Woolley adopted its Master Fee Schedule on February 8, 2023. *See Attachment A.* The Mount Vernon School District adopted its Capital Facilities Plan at the school board meeting on October 5, 2022. *See Attachment B.* The City of Mount Vernon approved updated traffic and sewer impact fees on January 9, 2023. *See Attachment C.* Impact fee rates are raised to account for increasing costs of growth in the community. These funds will allow jurisdictions to build and maintain facilities needed for community members.

The interlocal agreements between Skagit County and partner jurisdictions state the city or school district is responsible for providing up to date capital facility plans and impact fee schedules to the County. The County will then “timely review and adopt the Partner Agency’s capital facilities plan into the County’s Comprehensive Plan and timely review and adopt the Partner Agency’s revised impact fee schedule.”

More information and documents on the current impact fee schedule and related Capital Facilities Plans are available to view at:

<https://www.skagitcounty.net/Departments/PlanningAndPermit/CFPmain.htm>

Consistency

1. Is the proposed change consistent with the vision statements, goals, objectives, and policy directives of the Comprehensive Plan and the does the proposal preserve the integrity of the Comprehensive Plan and assure its systematic execution?

The proposal aligns with Comprehensive Plan Goal 10A:

Ensure that adequate public facilities are provided to accommodate the needs of Skagit County citizens for the next 20 years by:

- *Maintaining level of service stands for capital facilities;*
- *Providing consistency among functional plans*
- *Ensuring timely provision and financing of facility improvements; and*
- *Taking advantage of revenue sources such as impact mitigation, grants, and loans*

And with Comprehensive Plan Goal 10A-2.4

***Future Needs** – new growth shall pay its fair share of capital improvements cost necessary to support its demands. This may include voluntary contributions for the benefit of any capital facility, impact fees, mitigation payments, capacity fees, dedications of land, provision of public facilities, and future payments of user fees, charges for services, special assessments and taxes. These revenue sources shall not be used to pay for the portion of any public facility that reduces or eliminates existing deficiencies.*

The proposed updates to the Skagit County Impact Fee Schedule will allow for the County to continue collecting revenue for partner jurisdictions' future capital needs. As the Comprehensive Plan specifically requires the county to prepare for future growth, the increased impact fees abide by the goals and policies of the Comprehensive Plan.

2. Is the proposal supported by the Capital Facilities Plan (CFP) and other functional Plans?

The Skagit County Capital Facilities Plan incorporates partner jurisdiction CFPs by reference. As the CFPs expire, updated plans must be provided by the relevant jurisdiction. The Board of County Commissioners added the Mount Vernon School District capital facilities plan by reference into the 2023-2028 Capital Facilities Plan in December 2022 during the annual update process. The impact fee schedules for the City of Sedro-Woolley and City of Mount Vernon will be added into the 2024-2029 Capital Facilities Plan in December 2023. The proposed change would be to update the impact fee schedule to continue collecting impact fees.

With regards to impact fee collection for school districts, the CFP states:

SCC Chapter 14.30 allows the County to collect impact fees for a school district only if that district has submitted its Capital Facilities Plan and impact fee calculations to the County, and when that plan has been incorporated into the County's Comprehensive Plan. The County must ensure that the requirements of RCW Chapter 82.02 are met, that any impact fees collected are for public facilities, and that the administration requirements of RCW 82.02.070 are followed, including retaining in special interest bearing account, expending within

10 years, and other requirements. See also WAC 365-196-850.

The jurisdictions provided documentation of how impact fees are calculated and how the fees were allocated. The updated capital facilities plans along with the fee documentation is sufficient to incorporate the updated impact fee rates into the Skagit County impact fee schedule.

3. Is the proposal consistent with the Growth Management Act (GMA), the Countywide Planning Policies (CPPs), and applicable provisions of the Comprehensive Plan?

GMA

The Growth Management Act allows for local governments fully planning under the GMA to impose impact fees for fire protection, parks, schools, and/or transportation facilities.

Countywide Planning Policies

CPP 12.8 states:

The financing for system improvements to public facilities to serve new development and must provide for a balance between impact fees and other sources of public funds and cannot rely solely on impact fees.

CPP 12.9 states:

New development shall pay for or provide for its share of new infrastructure through impact fees or as conditions of development through the environmental review process.

Comprehensive Plan

The Skagit County Comprehensive Plan states:

State law requires the County to adopt a Capital Facilities Plan as part of its Comprehensive Plan before it can collect impact fees, including impact fees for school districts, and allows for the County to spend impact fees and the first quarter percent of its Real Estate Excise Tax receipts (REET 1 revenue) solely on “capital projects” listed in the Capital Facilities Plan.

4. Does the proposal bear a substantial relationship to the public general health, safety, morals, or welfare?

Discussion: The proposal to update the impact fee rates within the county will improve capital infrastructure throughout the community and improve the health, safety, and welfare of the public.

Recommendation

Planning and Development Services has prepared the proposed changes to the impact fee schedule in accordance with SCC 14.30 and SCC 14.08. The Department recommends approval.

For More Information

Please visit the Capital Facilities Plan website at:

<https://www.skagitcounty.net/Departments/PlanningAndPermit/CFPmain.htm>

Attachments:

Attachment A City of Sedro-Woolley Resolution Updating Master Fee Schedule

Attachment B Mount Vernon School District Capital Facilities Plan 2022

Attachment C City of Mount Vernon Impact Fee Summary 2023