



MEMORANDUM

Finance Department

DATE: June 12, 2023

TO: Brett Gailey, Mayor
City Councilmembers

FROM: Barb Stevens, Finance Director

SUBJECT: Impact Fee Report - 2022

RCW 82.02.070 related to impact fees provides that: "Annually, each county, city or town imposing impact fees shall provide a report on each impact fee account showing the source and amount of all moneys collected, earned, or received and system improvements that were financed in whole or in part by impact fees." This report is presented to City Council in response to that requirement.

The city began collecting impact fees for transportation and parks in the 1990's. Park impact fees are Growth Management Act based impact fees for mitigation of residential impacts on parks. These are accounted for collectively citywide.

During 2022, \$1,162,420 in transportation impact fees and \$957,544 in park impact fees were collected. Investment interest is allocated proportionally to each mitigation zone and type.

| Year | Park Mitigation | Tree Mitigation | Impact Fee Revenues 2014 - 2022 | | | | | |
|------|-----------------|-----------------|---------------------------------|---------|-----------|-----------|-----------|----------|
| | | | Traffic | Traffic | Traffic | Traffic | Traffic | |
| | | | GMA County Pre-Annexation | WSDOT | TIZ 1 | TIZ 2 | TIZ 3 | ILO |
| 2014 | \$317,546 | | \$324,708 | \$0 | \$69,979 | \$5,863 | \$11,668 | |
| 2015 | \$371,940 | \$1,716 | \$303,970 | \$0 | \$41,498 | \$229,803 | \$24,625 | |
| 2016 | \$788,944 | \$8,960 | \$97,989 | \$0 | \$32,186 | \$189,605 | \$284,169 | |
| 2017 | \$346,153 | \$1,645 | | | \$14,450 | \$36,615 | \$510,554 | |
| 2018 | \$700,607 | \$9,583 | | | \$121,573 | \$154,280 | \$736,530 | |
| 2019 | \$1,365,087 | \$23,100 | | | \$176,031 | \$3,500 | \$959,554 | |
| 2020 | \$1,512,002 | \$22,105 | | | \$313,902 | \$14,000 | \$830,270 | |
| 2021 | \$771,148 | \$127,714 | | | \$130,274 | \$42,000 | \$580,055 | \$37,043 |
| 2022 | \$957,544 | \$4,410 | | | \$79,800 | \$266,000 | \$815,920 | \$700 |

Note: Impact fee revenues above are exclusive of interest earnings.

Transportation Projects

20th Street Phase II Construction

Engineering and Design began in 2015 and construction began in 2020. The project was substantially completed in 2021, spending an additional \$35,760 in 2022. Total mitigation dollars used for this project were \$1,902,017 and grant funds totaled \$4,376,842.

24th & 91st Construction

The city contracted with Reece Construction for 24th road construction over the Everett water lines. Spending in 2022 was \$1,933. The city has spent a total of \$39,374 in TIZ 3 Funds. The remaining contract continues into 2023 where the remaining costs will be paid from mitigation dollars, REET, and a Bond.

79th & 8th Intersection Improvements

Administrative work began in 2022 spending \$851 from TIZ 3 funds. This project will continue into 2023 with additional funding for Design and Construction.

No Project Management costs allocated were to traffic mitigation funds in 2022.

Parks & Tree Projects

In 2022, \$142,656 of park mitigation dollars were spent as follows:

- 20th Street Soccer/Powerline Trail spent \$2,940 in mitigation.
- Davies Beach dock restoration received \$43,817 in mitigation funds.
- Sunset Beach project continued in 2022 using \$70,685 in mitigation funds.
- Cedarwood Park project began in 2022 using \$25,214 in mitigation funds.
- No Project Management costs were allocated to park mitigation funds in 2022.

Nothing was spent from tree replacement funds in 2022.

The city spends an average of \$1.5 Million on parks/open space per year. The city continues to leverage park mitigation dollars from the building climate in Lake Stevens with grant funds to get park projects completed for the community.

At yearend 2022, the total of all mitigation capital funds was \$6,860,003 which is made up of multiple types of mitigation zones and uses as seen below:

| Mitigation Funds as of December 31st, 2022 | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| Ending Fund Balance-Pre 2011 SEPA | \$315,852 | \$323,848 | \$0 | \$0 | \$0 |
| Ending Fund Balance-TSA/TDM | \$1,305,361 | \$1,094,012 | \$0 | \$0 | \$0 |
| Ending Fund Balance-WSDOT ANNEX | \$7,558 | \$7,749 | \$7,825 | \$7,835 | \$7,933 |
| Ending Fund Balance-TIZ 1 | \$122,863 | \$203,125 | \$416,399 | \$399,188 | \$484,968 |
| Ending Fund Balance-TIZ 2 | \$639,758 | \$523,958 | \$543,186 | \$585,983 | \$862,617 |
| Ending Fund Balance-TIZ 3 | \$989,282 | \$1,163,016 | \$1,506,898 | \$2,576,667 | \$3,395,909 |
| Ending Local ILO | \$6,840 | \$8,415 | \$149,744 | \$186,787 | \$189,827 |
| Grant/Other | \$0 | | (\$147,130) | \$0 | \$0 |
| Ending Retainage | | | \$8,222 | \$8,222 | \$8,222 |
| Ending Fund Balance - Park Unrestricted | \$1,204,851 | \$506,001 | \$429,248 | \$914,466 | \$1,751,578 |
| Ending Fund Balance - Tree | \$59,182 | \$74,671 | \$33,864 | \$154,539 | \$158,949 |
| Total Ending Fund Balance | \$4,651,547 | \$3,904,796 | \$2,948,255 | \$4,833,688 | \$6,860,003 |

Respectfully,

Barb Stevens
Finance Director

