

MEMORANDUM

Finance Department



DATE: October 7, 2024
TO: Brett Gailey, Mayor
City Councilmembers
FROM: Barb Stevens, Finance Director
SUBJECT: Impact Fee Report - 2023

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 2023, \$636,844 in transportation impact fees and \$654,113 in park impact fees were collected. Investment interest is allocated proportionally to each mitigation zone and type.

Year	Park Mitigation	Tree Mitigation	Interest Earned	Impact Fee Revenues 2014 - 2023							
				Traffic	Traffic	Traffic	Traffic	Traffic	Traffic	Traffic	Traffic
				Pre 2011 SEPA	GMA County Pre-Annexation	WSDOT	TIZ 1	TIZ 2	TIZ 3	ILO	
2014	\$317,546			\$0	\$324,708	\$0	\$69,979	\$5,863	\$11,668		
2015	\$371,940	\$1,716		\$0	\$303,970	\$0	\$41,498	\$229,803	\$24,625		
2016	\$788,944	\$8,960		\$0	\$97,989	\$0	\$32,186	\$189,605	\$284,169		
2017	\$346,153	\$1,645		\$0			\$14,450	\$36,615	\$510,554		
2018	\$700,607	\$9,583		\$0			\$121,573	\$154,280	\$736,530		
2019	\$1,365,087	\$23,100		\$0			\$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	\$22,184				\$79,800	\$266,000	\$815,920		\$700
2023	\$654,113	\$27,825	\$98,468				\$61,239	\$16,730	\$525,350	\$33,525	

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

Transportation Projects

24th & 91st Construction

This project provides for the improvement of the operational components of the 20th Street S.E./91st Avenue S.E. intersection and an extension of road and utility infrastructure within public rights-of-way in the City of Lake Stevens.

Project construction is complete, and we have shifted our focus to reconciling all outstanding balances. The city has spent a total of \$40,498 in TIZ 3 Funds on this project. Spending in 2023 was \$1,125. Project billing will continue into 2024 where the majority of remaining costs will be paid from other sources.

8th Street SE and 79th Avenue SE Corridor Safety Improvements

Phase I of this project targets vehicle speed reduction and driver awareness by channelization and signage updates throughout the corridor, including spot-specific lane narrowing and realignments, rumble strips approaching the intersections, and updated signage. Design work began in 2023 spending \$21,116 from TIZ 3 funds. This project will continue into 2024 with additional funding for Design, Construction, and future phasing.

There were \$1,178 in Project Management costs allocated traffic mitigation funds in 2023.

Parks & Tree Projects

In 2023, \$397,976 of park mitigation dollars were spent as follows:

- Frontier Heights Park spent \$1,014 in mitigation.
- Lake Stevens Bayview Connector received \$57,849 in mitigation funds.
- Sunset Dock and Shoreline project received \$284,060 in mitigation funds.
- Cedarwood Park project continued in 2023 using \$7,412 in mitigation funds.
- The North Cove Water Feature project used \$11,807 in mitigation funds
- Finally, the Davies Low Profile Dock project utilized \$35,834 in mitigation funds
- No Project Management costs were allocated to park mitigation funds in 2023.

\$51,881 was spent from tree replacement funds in 2023 on the Sunset Beach Park Improvement project.

The city continues to utilize park mitigation funds, generated by the thriving building climate in Lake Stevens. That along with grant resources have allowed us to complete numerous park projects in the community. The city has spent an average of \$1 Million on parks/open space per year.

At yearend 2023, the total of all mitigation capital funds was \$8,084,993 which is made up of multiple types of mitigation zones and uses as seen below:

Mitigation Funds as of December 31, 2023					
	2019	2020	2021	2022	2023
Ending Fund Balance-Pre 2011 SEPA	\$323,848	\$0	\$0		
Ending Fund Balance-TSA/TDM (GMA)	\$1,094,012	\$0	\$0		
Ending Retainage		\$8,222	\$8,222	\$8,222	\$8,222
Ending Fund Balance-WSDOT ANNEX	\$7,749	\$7,825	\$7,835	\$7,933	\$8,283
Ending Fund Balance-TIZ 1	\$203,125	\$416,399	\$399,188	\$484,968	\$570,281
Ending Fund Balance-TIZ 2	\$523,958	\$543,186	\$585,983	\$862,617	\$918,104
Ending Fund Balance-TIZ 3	\$1,163,016	\$1,506,898	\$2,576,667	\$3,395,909	\$4,069,984
Ending Local ILO	\$8,415	\$149,744	\$186,787	\$189,827	\$233,196
Ending Fund Balance - Park Unrestricted	\$506,001	\$429,248	\$914,466	\$1,751,578	\$2,142,031
Ending Fund Balance - Tree	\$74,671	\$33,864	\$154,539	\$158,949	\$134,893
Total Ending Fund Balance	\$3,904,796	\$2,948,255	\$4,833,688	\$6,860,003	\$8,084,993

Respectfully,

Barb Stevens
Finance Director