



Finance Committee

Deferral of Impact Fees as Economic Development Incentive

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Title

Deferral of Impact Fees as Economic Development Incentive

Recommended Action

City Manager Recommendation:

Recommend reinstating an impact fee deferral option.

Report

Issue:

Consider impact fee deferrals and discuss whether to consider reinstating an impact fee deferral option.

Staff Contact:

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Presenter(s):

Keith Stahley, Director Community Planning and Development Department

Background and Analysis:

Title 15 of the Olympia Municipal Code deals with impacts fees. City Council adopted Ordinance 6649 (Section 15.04.040 Assessment of impact fees H.) in 2009 that established the deferral program. It is included in **Attachment 1**. This ordinance terminated the deferral program on August 1, 2011. Council could reestablish the deferral program by passing an ordinance reestablishing it.

During the time that the program was in effect, a total of 28 deferrals were processed.

Presently impact fees for a single family dwelling are \$3,127 for Transportation, \$5,090 for Parks and \$5,895 for Schools or a total of \$14,112. See **Attachment 2** for a complete Impact Fee Schedule.

The Impact fee deferral program does not include General Facility Charges and LOTT Capacity Charges. These charges are assessed at the time of building permit and relate to the sewer and drinking water utility and add over \$12,000 to the cost of the permit. For a single family dwelling the sewer GFC is \$3,342, the LOTT Capacity Charge is \$4,924 and the water GFC is \$3,456 for a ¾"

meter and the stormwater GFC is \$1,076 per 2,500 square feet of impervious area.

Impact fee deferrals do represent additional administrative work, however, it is not an unreasonable amount of work and can be accommodated within existing resources. Requiring impacts fees to be paid before final inspection limits the risks to the City.

Options:

1. Recommend reinstating an impact fee deferral option.
2. Do not recommend reinstating an impact fee deferral.

Financial Impact:

Financial impacts are minimal. The deferral program changes the timing of impact fee payment only.