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## Memorandum

To: Pierce County Planning Commission  
From: Tiffany Odell, Senior Planner  
Date: August 15, 2019  
Subject: Update to Parks Impact Fee

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## Summary

Pierce County Parks is requesting an update to PCC 4A Impact Fees. The following amendments are requested:

- 1. Clarify applicability of Park Impact Fees and School Impact Fees to Senior Housing.** Revise PCC 4A.10.010 A.1 as it relates to senior housing to ensure park impact fees are collected for all senior housing, except nursing homes and assisted living facilities, as defined by PCC Chapter 4A.10.020 and licensed under RCW 18.20.
- 2. Amend process for annual adjustment to Park Impact Fees.** Adopt language in PCC 4A.20.020 B similar to that adopted in 2018 for Traffic Impact Fees to allow for an automatic annual adjustment to park impact fees.
- 3. Adopt an annual adjustment to the Park Impact Fee for 2020 and 2021.** As prescribed in PCC 4A.20.020, an annual adjustment to the Park Impact Fee calculated per code is requested for 2020 and 2021 to reflect the biennial budget process.

## Attachments

Draft Ordinance  
Exhibit A, Proposed Amendments to PCC 4A  
Exhibit B, Findings of Fact  
Source Document, Impact Fee Adjustment Calculation Memo

1 Sponsored by: Councilmember

2 Requested by:

3  
4  
5  
6 **ORDINANCE NO. 2019-**

7  
8  
9 **An Ordinance of the Pierce County Council Updating the Parks Impact Fee;**  
10 **Adopting Amendments to Title 4A of the Pierce County Code**  
11 **(PCC) “Impact Fees;” Adopting Findings of Fact; and Setting**  
12 **an Effective Date.**

13  
14 **Whereas**, Chapter 36.70A Revised Code of Washington (RCW), Growth  
15 Management Act, and Chapter 82.02 RCW, Excise Taxes, allow counties to assess  
16 impact fees to assure that new development bears a proportionate share of the cost of  
17 capital expenditures necessary to meet the demands for public facilities related to new  
18 development, including parks, open space and trails; and

19  
20 **Whereas**, Ordinance No. 96-122s adopted Title 4A of the Pierce County Code  
21 (PCC) requiring new construction be assessed impact fees for parks to implement the  
22 Land Use and Capital Facilities elements of the Comprehensive Plan and to ensure new  
23 development provides a proportionate share of the cost of capital expenditures  
24 necessary to meet the demands for County public facilities related to new development,  
25 and

26  
27 **Whereas**, Ordinance 2016-51s updated the parks impact fee and amended PCC  
28 Title 4A.20.020 to provide for annual adjustments to the fee based on the average of the  
29 Building Cost Index and the Construction Cost Index (published by the Engineering  
30 News Record); and

31  
32 **Whereas**, Ordinance 2016-51s adopted a stepped implementation for the parks  
33 impact fee, gradually increasing the fee over the course of three years, with the full fee  
34 going into effect July 1, 2018; and

35  
36 **Whereas**, Parks and Recreation Services Department is requesting the  
37 prescribed annual increase to the parks impact fee based on the average of the Building  
38 Cost Index and Construction Cost Index for the 2020-2021 budget cycle to increase the  
39 fee based on the increased cost of designing and constructing facilities; and

40  
41 **Whereas**, the Parks and Recreation Services Department plans to study the  
42 parks impact fee based on system valuation, population data, and any other relevant  
43 factors in 2021 with a request for adoption as part of the 2022-2023 Pierce County  
44 budget; and

45  
46 **Whereas**, adjustments to clarify the applicability of the park impact fee for  
47 dwelling units for seniors is necessary to ensure the intention of collecting impact fees  
48 for all new dwelling units is realized; and



1  
2       **Whereas**, clarification is necessary to reference the biennial adoption of the  
3 Capital Facilities Plan, and  
4

5       **Whereas**, language related to an automatic impact fee adjustment, similar to that  
6 language adopted for traffic impact fees in Ordinance No. 2018-71s, is necessary to  
7 provide transparency of process while reducing the necessity of ordinance adoption with  
8 each annual adjustment, and  
9

10       **Whereas**, the County provides a diverse park system that provides a variety of  
11 experiences and uses to serve the County population; and  
12

13       **Whereas**, continued development activity in the County will create additional  
14 demand and need for public park and recreation facilities in the unincorporated County;  
15 and  
16

17       **Whereas**, parks are an essential component of a healthy and vibrant community  
18 providing places for people to exercise, connect with nature and other community  
19 members, and participate in their communities; and  
20

21       **Whereas**, the park system needs to add capacity in order to maintain current  
22 park standards and to accommodate new development without decreasing current  
23 standards; and  
24

25       **Whereas**, the Council finds that an annual increase to the parks impact fee is  
26 warranted as prescribed by PCC 4A.20.020; **Now Therefore**,

27  
28       **BE IT ORDAINED by the Council of Pierce County:**  
29

30       Section 1. Title 4A of the Pierce County Code, "Impact Fees," is hereby  
31 amended as shown in Exhibit A, which is attached hereto and incorporated herein by  
32 reference.

33       Section 2. Findings of Fact are hereby adopted as set forth in Exhibit B which is  
34 attached hereto and incorporated herein by reference.  
35

36  
37       Section 3. The effective date of this Ordinance shall be January 1, 2020.  
38



PASSED this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

ATTEST:

**PIERCE COUNTY COUNCIL**  
Pierce County, Washington

\_\_\_\_\_  
**Denise D. Johnson**  
Clerk of the Council

\_\_\_\_\_  
**Douglas G. Richardson**  
Council Chair

\_\_\_\_\_  
**Bruce F. Dammeier**  
Pierce County Executive  
Approved \_\_\_\_\_ Vetoed \_\_\_\_\_, this  
\_\_\_\_\_ day of \_\_\_\_\_,  
2019.

Date of Publication of  
Notice of Public Hearing: \_\_\_\_\_

Effective Date of Ordinance: \_\_\_\_\_



Only those portions of Title 4A that are proposed to be amended are shown.  
Remainder of text, tables, maps and/or figures is unchanged.

**Chapter 4A.20**  
**IMPACT FEES – GENERAL REQUIREMENTS**

**4A.10.010 Applicability.**

A. Park Impact Fees and School Impact Fees apply to any applicant seeking permission to develop land within unincorporated Pierce County after January 1, 1997, by applying for a building permit for a residential building or a permit for residential mobile/manufactured home installation. Such applicant is required to pay an impact fee in the manner and amount set forth in this Title, ~~except as specifically provided in PCC 4A.10.010 B.~~

1. The following development activities are excluded from the obligation to pay impact fees pursuant to Chapters 4A.20 and 4A.30 PCC for the specific facilities and services noted, on the grounds that they either do not create an impact on those facilities and services, the impacts created have previously been adequately mitigated, or their impacts are de minimus and the cost of administering the impact fee would exceed the fee collected:
  - a. Alteration, expansion, reconstruction or remodeling of existing single family or multi-family dwelling units that does not result in additional dwelling units; or
  - ~~b. Any dwelling unit subject to restrictions that may be legally enforced by a private party or governmental entity limiting occupants exclusively to residents over a minimum age or other populations that do not include children of the ages five to twenty one years old, including without limitation nursing homes and retirement centers; provided, however, this exclusion ceases if the housing is later converted to permanent use as a single family or multi-family residence not subject to such restrictions; or~~
  - eb. Any dwelling unit licensed and operated as transient accommodations under Chapter 70.62 RCW and WAC 248-144-020(26), such as hotels, motels, condominiums, and resorts; provided, however, this exclusion ceases if the housing is later converted to permanent use as a single-family or multi-family residence not subject to such restrictions; or
  - ec. Any development activity that is exempt from the payment of an impact fee pursuant to RCW 82.02.100, due to mitigation of the same system improvement under the State Environmental Policy Act.
  - ed. Replacement of a residential structure with a new residential structure of the same number of dwelling units at the same site or lot when a completed application for the building permit for such replacement is accepted by the County within 5 years of the demolition or destruction of the prior residential structure; or
  - ef. In addition to subsections A.1.a. through ed. above, for school impact fees:



- (1) Any development activity for which school capital facility impacts have been mitigated by the payment of or promise or obligation to pay fees, dedicate land, or construct or improve school facilities pursuant to a preliminary plat, short plat, PUD, and/or PDD approval granted prior to the effective date of this Chapter, unless the terms of the plat, PUD, or PDD approval expressly provide otherwise; or
- (2) Any development activity for which school capital facility impacts have been mitigated by the payment of or promise or obligation to pay fees, dedicate land, and/or construct or improve school facilities pursuant to a voluntary agreement entered into with the applicable School District prior to January 1, 1997, unless the terms of the agreement expressly provide otherwise; or
- (3) Any new residential units approved through Chapter 18A.65 PCC, "Affordable Housing Incentives." A fee waiver or reimbursement shall only be available on a first come first served basis if alternative funding is available and transferred to the appropriate School District Impact Fee fund account; or
- (4) Accessory dwelling units; or
- (5) Any dwelling unit subject to restrictions that may be legally enforced by a private party or governmental entity limiting occupants exclusively to residents over a minimum age or other populations that do not include children of the ages five to twenty-one years old, including without limitation nursing homes and retirement centers; provided, however, this exclusion ceases if the housing is later converted to permanent use as a single family or multi-family residence not subject to such restrictions.

gf. In addition to subsections A.1.a. through ed. above, for park impact fees:

- (1) Any development activity for which park system capital facility impacts have been mitigated by the payment of or promise or obligation to pay fees, dedicate land, or construct or improve park system facilities pursuant to a preliminary plat, short plat, PUD, and/or PDD approval granted prior to the effective date of this Chapter, provided Pierce County agrees to accept said park system dedication or fee as documented in an agreement prescribed by the Parks and Recreation Services Department; or
- (2) Any development activity for which park system capital facility impacts have been mitigated by the payment of or promise or obligation to pay fees, dedicate land, and/or construct or improve park system facilities pursuant to a voluntary agreement entered into with the County prior to January 1, 1997, provided Pierce County has agreed to accept said park system facilities dedication or fee; or
- (3) Any new residential units with a recorded agreement, lien and covenant running with the land, binding all the assigns, heirs and successors of the applicant to secure the affordability requirements for low income households through Chapter 18A.65 PCC, "Affordable Housing Incentives" if sufficient funds have been appropriated by the



- Pierce County Council and are available for transfer to the Park Impact Fee Fund to replace those fees waived or refunded to the developer; or
- (4) Any new Senior/Assisted Living Facilities, as defined by Chapter 4A.10.020 PCC and licensed under Chapter 18.20 RCW, provided that this exclusion ceases if the housing is later converted to permanent use as a single-family or multifamily residence not subject to such restrictions; or
  - (5) Any new Nursing Home Facilities, as defined and licensed under Chapter 18.51 RCW, provided that this exclusion ceases if the housing is later converted to permanent use as a single-family or multifamily residence not subject to such restrictions.
2. The Director of Planning and Public Works shall be authorized to determine whether a particular development activity falls within an exclusion and/or exemption from impact fees identified in this Section, in any other Section, or under other applicable law. Determinations of the Director of Planning and Public Works shall be in writing and shall be subject to appeal as provided in PCC 4A.10.120.

## Chapter 4A.20 IMPACT FEES – PARKS

### 4A.20.020 Impact Fee Calculations.

- A. The impact fee schedule is calculated based upon the formula set forth in this Section. The formula is the County's determination of the appropriate proportionate share of the costs to be funded by park impact fees of park system capital facilities needed to serve new growth and development. In determining proportionate share, the formula for calculating impact fees incorporates:
  1. 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 proratable to the particular system improvement; and
  2. The availability of other means of funding public facility improvements.
- B. Effective January 1, 2019 2021, the Impact Fee Obligation shall be adjusted annually according to the average of the Building Cost Index and the Construction Cost Index (published by the Engineering News Record). The most recently published indexes shall be used to adjust the fee obligation for the following year. ~~Each year, this adjustment shall be brought forth by ordinance following adoption of the County Capital Facility Plan and any review of impact fees pursuant to PCC 4A.10.130 A~~ occur automatically on February 1 of each year, unless otherwise determined by ordinance of the Council. In addition, the Department of Parks and Recreation shall prepare an annual report on the changing costs of engineering and construction of park facilities. This report shall provide an overview of the change in costs for the prior 12-month period and shall be forwarded to the Council for consideration. If this report indicates that the change in costs substantially exceed that which is reported by the



Building Cost Index and Construction Cost Index, the Council may elect to adjust the park impact fee schedule to accommodate these increases. ~~The most recently published index shall be used to adjust the fee obligation for the following year.~~

C. The park impact fee schedule shown in the table under PCC 4A.20.030 A. shall be calculated using the following formulas:

$$V/P = I$$

$$I - PS = AI$$

$$AI \times U = \text{Impact Fee Obligation per dwelling unit}$$

Where:

- "AI" means the adjusted investment per capita based on proportionate share.
- "I" means the per capita amount the County has invested in the park system.
- "P" means the current population total in the unincorporated county.
- "PS" means the proportionate share of other revenue sources and is an adjustment for the portion of anticipated additional tax revenues resulting from a development which is proratable to system improvements contained in the Capital Facilities Plan.
- "U" means the average persons per dwelling unit for the unincorporated county.
- "V" means the total Park System Value and includes the value of all land and facilities managed by the County's Parks and Recreation Services Department, expressed in dollars.

D. The Level of Service used to calculate impact fees for the Park Impact Fees Schedule shall be updated with the amendments to the Capital Facilities Plan element of the Pierce County Comprehensive Plan. Any impact fee shall be based on the Capital Facilities Plan in effect when the fee is assessed.

E. The Park Impact Fee Obligation in this Section continues until adjusted by Ordinance.

#### 4A.20.030 Impact Fee Schedule.

A. Park impact fees are hereby established for new residential dwelling units:

Land Use Type	Impact Fee Obligation	Effective Date
Residential Dwelling Unit	\$1,107.46	05/01/17
Residential Dwelling Unit	\$1,829.92	01/01/18
Residential Dwelling Unit	\$2,552.39	07/01/18
Residential Dwelling Unit	\$2,666.62	01/01/20
Residential Dwelling Unit	\$2,785.96	01/01/21



**FINDINGS OF FACT**

The Pierce County Council finds that:

1. Chapter 36.70A Revised Code of Washington (RCW), Growth Management Act, and Chapter 82.02 RCW, Excise Taxes, allow counties to assess impact fees to assure new development bears a proportionate share of the cost of capital expenditures necessary to meet the demands for County public facilities related to the new development, including parks, open space and trails.
2. Ordinance No. 96-105s2 established and adopted Title 4A of the Pierce County Code (PCC) allowing the imposition and collection of impact fees to ensure new development pays a proportionate share of the cost of new capital facilities necessary to accommodate growth.
3. Ordinance No. 96-122s amended Title 4A PCC to require new residential construction be assessed impact fees for parks, open space and trails to implement the Comprehensive Plan and to help achieve the goals and objectives of the Land Use and Capital Facilities elements.
4. The Pierce County Council passed Ordinance No. 2014-68s2 with a budget proviso directing the Parks and Recreation Services (Parks) Department to study and propose a new park impact fee and, after holding public hearings on a proposed fee based on investment per capita, it was decided more work needed to be done.
5. The Pierce County Council passed Ordinance No. 2015-61s2 which carried a budget proviso directing the Parks Department to convene a working group to evaluate options for a revised park impact fee; consider the adequacy of the existing fee to meet future parks needs based on projected population increase; recommend a new park impact fee and methodology; recommend capacity improvements; consider the relevance of recreational area dedication requirements associated with a new residential development; and, include a potential phasing plan.
6. The Parks Department established the Working Group with broad representation from the Master Builders Association, the Board of Realtors, Pierce County Parks, Pierce County Planning and Land Services, Forever Green, the Pierce County Parks Board and the Working Group met eleven times to study and recommend a new park impact fee.
7. The Pierce County Council passed Ordinance No. 2016-51s which updated the Parks Impact Fee based on investment per capita after extensive study and work with the Parks Impact Fee Working Group.
8. Ordinance 2016-51s established the new impact fee to be phased in through a three step increase with the full fee implemented July 1, 2018, per PCC 4A.20.030.



- 1 9. PCC 4A.20.020 B, states “Effective January 1, 2019 the Impact Fee Obligation shall  
2 be adjusted annually according to the average of the Building Cost Index and the  
3 Construction Cost Index (published by the Engineering News Record). Each year,  
4 this adjustment shall be brought forth by ordinance following adoption of the County  
5 Capital Facility Plan and any review of impact fees pursuant to PCC 4A.10.130 A.  
6 The most recently published index shall be used to adjust the fee obligation for the  
7 following year.”  
8
- 9 10. The May 2019 Engineering News Record Building Cost Index increased by 4.24  
10 percent, while the Construction Cost Index increased by 4.71 percent, resulting in an  
11 average increase of 4.48 percent. The proposed annual increases in 2020 and 2021  
12 use this percentage to calculate the increase each year.  
13
- 14 11. To be consistent with Ordinance 2018-71s, which updated methodology for annual  
15 adjustments to the traffic impact fee, the proposed revisions would adopt the same  
16 methodology for annual adjustments to the parks impact fee.  
17
- 18 12. Using methodology consistent with the traffic impact fee would allow an automatic  
19 annual adjustment based on the same cost indexes currently used and would  
20 require the Parks Department to submit a report to the County Council reviewing  
21 actual department construction costs and cost index information. Should the County  
22 Council request an alternate adjustment be uses, they would adopt an ordinance  
23 implementing that alternate fee.  
24
- 25 13. PCC 4A.10.130 provides that the County shall update and revise the impact fee  
26 schedules no more than three years after the adoption of this Ordinance, with  
27 subsequent reviews occurring no more than five years after the most recent review  
28 by the Council.  
29
- 30 14. Revenue expenditures for capacity projects associated with the impact fee are  
31 determined through the annual adoption of the budget and Capital Facilities Plan  
32 and are guided by the Parks Fiscal Policy adopted in Resolution R2016-115s.  
33
- 34 15. Pierce County Charter Amendment 48, passed by voters in 2018, moved Pierce  
35 County to a biennial budget cycle, and as such it is necessary to amend language in  
36 PCC 4A.020 to reference a biennial, instead of annual, parks impact fee adjustment  
37 and for the proposed adjustment to be effective for 2020 and 2021.  
38
- 39 16. PCC 4A.10.010 A.1.b has resulted in inconsistent application of exemptions for  
40 nursing homes, assisted living facilities and senior housing and revisions are  
41 necessary to clarify exemptions are limited to nursing homes and assisted living  
42 facilities.  
43
- 44 17. A large portion of Pierce County population is considered ‘senior’ and this age group  
45 has an impact on the park system and is not be exempt from impact fee obligations.  
46



1 18. The county has a diverse park system that provides a variety of experiences and  
2 uses that serve the entire county population regardless of age, race, income or  
3 ability.  
4

5 19. The Pierce County Comprehensive Plan identifies the promotion of parks and open  
6 space as one of nine key values chosen by the citizens of Pierce County.  
7

8 20. Parks are an essential component of a healthy community providing places for  
9 people to exercise, connect with nature, and enjoy others in their community and  
10 studies show access to large public open space and trails is associated with higher  
11 levels of walking which help reduce incidents of obesity, heart disease, and stroke.  
12



## MEMORANDUM

**DATE:** July 16, 2019

**TO:** Tiffany Odell, Senior Planner  
Pierce County Park & Recreation Services

**FROM:** Lisa Grueter, AICP, Principal; Jason Hennessy, Senior Associate  
Berk Consulting

**RE:** Park Impact Fee Annual Adjustment 2020-21

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### Introduction

Pierce County updated its park impact fee in 2016 for the first time in over two decades. During that process, the Pierce County Code (PCC) was updated to include mechanisms for regular adjustments and updates to park impact fee rates. The PCC outlines two separate processes for updating park impact fees, one for annual adjustments tied to construction cost inflation, and another more complex review of the underlying system valuation that happens on a multi-year cycle.

This memo outlines:

- Annual and multi-year review schedules for the impact fee, as prescribed by PCC
- List of indexes and calculation of the annual fee increase for the 2020-21 biennial budget

### Annual and Regular Review Schedule

Chapters 4A.10.130 and 4A.20.020 of the PCC create a schedule and method for the regular review and revision of the County's park impact fees.

PCC Chapter 4A.20.020.B includes direction for annually adjusting impact fees after January 1, 2019 based on two industry standard construction cost indices:

*Effective January 1, 2019, the Impact Fee Obligation shall be adjusted annually according to the average of the Building Cost Index and the Construction Cost Index (published by the Engineering News Record). Each year, this adjustment shall be brought forth by ordinance following adoption of the County Capital Facility Plan and any review of impact fees pursuant to PCC 4A.10.130 A. The most recently published index shall be used to adjust the fee obligation for the following year. (PCC 4A.20.020 B)*

## Indices and Calculation of Annual Fee

Following the direction set in PCC 4A.20.020.B, Pierce County obtained the most recent Engineering News Records (ENR) cost index in May 2019. The most recent month available when accessed was April 2019, and the average percent change between April 2018 and April 2019 was 4.48%.

### Exhibit 1. Engineering News Record Cost Indices, April 2019.

ENR Cost Index	2018	2019	Percent Change
Building Cost Index	\$6,099.84	\$6,358.72	4.24%
Construction Cost Index	\$11,475.35	\$12,015.45	4.71%
<b>Average of BCI and CCI</b>			<b>4.48%</b>

Sources: Pierce County, 2019; ENR, April 2019; BERK, May 2019.

Applying this average percent change results in an increase in the full fee as shown below.

### ANNUAL FEE CALCULATION

Exhibit 2 shows the proposed 2020 and 2021 impact fee calculations. The 2021 update is included, because a biennial budget cycle has been adopted since the latest increase to the impact fee. The proposed schedule in Exhibit 2 assumes the same annual change in average construction cost indices.

### Exhibit 2. Annual Adjustment for Potential Inclusion in 2020-21 Budget

	2020	2021
Base 2018 Full Park Impact Fee	\$2,552.39	\$2,666.62
ENR BCI and CCI Average Annual Change April 2019	4.48%	4.48%
Annual Change	\$114.23	\$119.34
<b>Updated Park Impact Fee</b>	<b>\$2,666.62</b>	<b>\$2,785.96</b>